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24 SEPTEMBER 1986

NEAR EAST/SOUTH ASIA REPORT

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REGIONAL AFFAIRS

IDF DEBATES DEVELOPMENT; JORDAN TIMES COMMENT

Plans for Next Decade

Jerusalem THE JERUSALEM POST in English 4 Aug 86 pp 1, 8

[Article by Hirsh Goodman]

[Text]

The IDF high command this week initiated a series of debates on the Army's development plan for the next decade. The plan will be the basis on which Israel's security strategy will be built, dictating the composition of the country's forces to the year 1996, and hence its overall deterrent posture.

It will take into account the weapons systems expected to reach the arena from both East and West over the next 10 years.

The plan is also being based on the assumption of a diminishing defence budget, the implications of which are so severe that, according to Chief of General Staff Moshe Levy, "even if the Lavi project is killed, and no new aircraft are acquired, we will not be able to cater to our minimal needs." The chief of general staff's pessimism is due to an expectation of diminishing funds on two fronts: a drop in U.S. aid, due to the Gramm-Ruddman amendment which sets a ceiling on U.S. budget deficits and the shrinking value of the dollar, and continued cuts in the

defence budget at home.

Decisions taken now will only be felt in 10 years' time, a decade being the normal time-frame for the development, supply and integration of a weapons system into the armed forces. They have to be accurate in their projections of the threat, and of the economic and demographic ability of Israel to respond. They have to correctly project the answers to dozens of basic strategic questions, such as: the outcome of the Iraq-Iran war and what the end of that conflict will mean in terms of the constellation of forces Israel may have to face; the types of armaments flowing into the region and the ability of the Arabs to absorb them; the economic, demographic, sociological and political realities in the neighbouring and peripheral Arab countries; Israel's projected industrial and technological capabilities; and even the attitudes of future U.S. administrations.

The General Staff will, in essence, have to decide on the size and structure of Israel's future order of battle and, as a consequence, dictate

strategic imperatives to future generations. If, for example, the generals decide to build a small but highly sophisticated army, based on a rapid response in the early stages of battle, they are in fact dictating preemption as a cornerstone of Israeli strategy.

At the heart of the issue is the future composition of the IDF: what percentage of the cake will be spent on training, operation and stock-piles, as opposed to the acquisition and development of new weapons.

These are some of the basic dilemmas:

- the size of the Air Force in relation to other branches of the Army and the internal mix of front-line as opposed to sophisticated aircraft.

- What number of Lavi fighters the Air Force will procure through to 1996.

There will have to be a fundamental decision concerning the economic viability of the Lavi programme. It obviously is out of the question to continue with the multi-billion dollar project if only 50 Lavis – again hypothetically – are intended for procurement.

Also under consideration will be the viability of embarking on an ambitious naval development programme that includes new sub-

marines and missile boats, and the consequences of not doing so, given the growth of the confrontation states' navies in coming years.

Other considerations to be debated:

- A look at the size of Israel's armoured forces, the number of formations and the structure and composition of these forces.

- The place of the attack helicopter in Israeli doctrine.

- An answer to the growing conventional artillery threat, and development of anti-missile-missile systems in Israel.

- Investment in command and control capabilities to maximize inter-force cooperation.

High on the agenda will be the growing threat to Israel's civilian population and prepositioning sites from ground-, sea- and air-launched missiles; accelerated Syrian acquisition of advanced chemical warfare capabilities; the advances in Arab air forces, and the tremendous advances in electronic sophistication in all branches of the forces.

The General Staff's debate on the plan comes after months of preparation by the deputy chief of general staff, responsible for formulating the IDF's order of battle, and the chief of long-range planning, responsible for assessment.

Jordanian Daily Response

Amman JORDAN TIMES in English 21-22 Aug 86 p 4

[Article by Salameh Ne'matt]

[Text]

THE Israeli newspaper, The Jerusalem Post, published a report (August 4, 1986) by its military correspondent Hirsh Goodman on the initiation of a series of debates in Israel on the Israeli army's development plan for the next decade.

"The plan will be the basis on which Israel's security strategy will be built, dictating the composition of the country's forces to the year 1996, and hence its overall deterrent posture," Goodman wrote.

In those series of debates, "the General Staff will, in essence, have to decide on the size and structure of Israel's future order of battle and, as a consequence,

dictate strategic imperatives to future generations. If, for example, the generals decide to build a small but highly sophisticated army, based on a rapid response in the early stages of battle, they are in fact dictating preemption as a cornerstone of Israeli strategy."

Unlike his colleagues in Hebrew newspapers, Goodman left the impression that the Israeli military establishment has not yet decided on its war strategy and that "preemption," in other words, unprovoked attack, was no more than a mere possibility.

It is hard to believe that someone with Mr. Goodman's contacts with high-ranking

military officials has not yet figured out the real strategy of his country's army. The more likely explanation is that the English-language Jerusalem Post, known in Israeli press circles as the Labour Party's propaganda sheet, is mainly concerned with projecting this "moderate" image of the Israeli military establishment, although with a certain measure of ambiguity, to its readers — particularly those in the United States.

The following is a translation of a less ambiguous article by Reuven Padoh, military correspondent for Ha'aretz newspaper which appeared during the last debate in Washington on the American arms deal to Jordan.

The article, which is by no means based on an isolated phenomenon, was chosen out of a collection translated from Hebrew, clearly demonstrating the real Israeli intentions:

"Supplying the Jordanian army with advanced fighter planes and mobile land-air missiles might force Israel to react with a preventive blow in the case of a war breaking out in the region.

"The American-Jordanian arms deal must be considered not from the relatively narrow viewpoint of direct military risks, emanating from the supply of modern, sophisticated weapons to the Jordanian army.

"One of the interesting, dangerous and undesirable repercussions of this transaction is the almost total limitation of the variety of military options that the Israeli defence army will have. The introduction of advanced fighter planes and of mobile land-air missile batteries into Jordan's army might force Israel to react in advance with a preventive blow against this army, in every case of war breaking out in the region.

"This means, that even when a war breaks out where Jordan takes no part, there will be no choice (the normal excuse used by the Labour Party for anything) but to use Israeli forces, to strike at Jordan's army a preventive blow to neutralise its offensive capacity."

Ever since October 1984 — that is from the time after the "national unity government" came to power, the Israeli leaders, recognised spokesmen of the army and many generals too, have been saying again and again that the next war, which should be "a preventive war" by Israel against the real military powers to its north and east, Syria and Jordan, and against the Arab World as such, is unavoidable, and it is only a question of time when it breaks out.

I am completely sure that the strategic decision to wage such a war had been taken already. However, because of the economic situation in Israel and of the traditional tendencies of Labour Party hawks to wage wars only in full cooperation with the United States, the particular timing of the attack awaits a green light from Washington, which for the time being is not coming.

I will explain in a concluding note why all this seems to be unperceived in the Arab World in general and the United States in particular.

The assertions made by the Israeli author of the Ha'aretz article (the theme of which is often repeated when writing about Syria) may astonish many people, including those who are close to the Middle East, despite the fact that these assertions are in no way exceptional so far as the declarations emanating from the highest military and political circles in Israel are concerned. What is more, they are fully in accord with the Israeli strategic thought, as it developed since the creation of the Jewish state (and to some extent even before that).

The reasons for not paying enough attention to the real Israeli principles of strategy are basically two: the much too great attention and publicity paid to various efforts of diplomacy and in general of contemplation of "solutions to the conflict" which have no chances of realisation or even of achieving some alleviation of suffering, and the confusion between the question of achieving justice and the considerations of power. So far as justice and the actual or potential alleviation of

human suffering are concerned, the Palestinians are supremely important and indeed deserve the help of all concerned with morality and justice. But so far as considerations of power are concerned, and consequently, the real Israeli strategy which is totally based on power, it has to be understood that the Palestine Liberation Organisation or the Palestinian national movement as such is insignificant, since (after 1983) it had no real or independent power in the Middle East, at least, no power that Israeli strategists or mainstream politicians can perceive or worry about. It should be understood that I'm making this statement in sorrow: I wish that the Palestinians would be more powerful than they are, but I wish even more to clarify what I consider to be the true situation, and not to take refuge in what seems to be dishonest and dangerous illusions.

Correct perception of the existing reality is the first necessary step for any attempt to change it for the better; and indeed, the myth-makings in which so many Palestinian leaders are so often indulging, are an additional factor in obscuring the real strategic aims of Israel — the domination of the Middle East.

When discussing the real Israeli aims, the context of the Israeli politics has to be defined, in order to prevent as much as possible the prevailing misconceptions, such as the divisions between "doves" and "hawks" who quite often differ about means and timing but not about ends.

The present situation with the "national unity government," which is supported by a full 80 per cent of Knesset members with the extreme right wing (HaTehya Party, Kahana being outside) isolated on one side and the left opposition (both Zionist and non-Zionist) on the other, represent the basic division of opinion as existed in Israel from the beginning. It is only the left opposition to the present government which desired peace which is not based on the domination of the whole area of the Middle East.

The aim of all the parties composing the present Israeli government is domination, if necessary by means of war and if possible by other means, of the whole region, and of the countries neighbouring Israel in the first stage. But this aim is being pursued "rationally," that is with due regard to the external and internal circumstances, such as the support or the lack of it by other powers such as the United States, internal cohesion of the Israeli Jewish society and so on, on which there can be, and there is, extended discussion.

The rightwingers, who believe either in the direct intervention of God on the Israeli side (so long as perfect faith in Him will be shown by reckless adventures) or in the unlimited power of the Jewish people, (and in their talents for propaganda) — so long as they will be united, full of the right sort of patriotism, self-sacrifice, oppose exactly the regard paid by the other parties to the internal or external factors which they always attack as hesitations that are harmful to the Jewish morale or faith. But at the present stage of development (that is if one ignores for the present their messianic aims which are unlimited in time or area) they have no differences of principle with the mainstream of either Likud or Labour, and this is shown in every political discussion in Israel. Sharon is in an intermediate position, but at present, with all other leaders of Likud united against him, he can be ignored.

The Israeli concept of domination of the Middle East means in practice the following lines of policy, which are consistently followed, although not always with success:

1. Prevention, if possible, of the building of a serious military capability by any Arab state. The very attempt of doing so under any political circumstances and from any source, is treated as a *casus belli*, a "legitimate" reason for an unprovoked attack. On this point, the Israeli public opinion (except the left opposition), is united.

The "reasons" given in the above Ha'aretz article for attacking Jordan because it

obtains American weapons are exactly the same given in 1955-56 for attacking Egypt because it obtained weapons from the Soviet bloc, and the same reasons operated in 1967 in the attacks on Syria in March-April of that year and in the attempted (and widely proclaimed at the time) destruction of the Syrian infrastructure, economic as well as military, in October 1973. The bombing of the Iraqi nuclear reactor near Baghdad was yet another example.

By now, enough is known, and has been published inside Israel, about the real aims of the Israeli military establishment in its invasion of Lebanon for seeing clearly that the destruction of the Syrian army and Syria as a united state and as a significant power, was one of the three really important aims of that invasion (the other being as Begin put it "the wiping out of the trauma of Yom Kippur War," that is of restoring the internal confidence of the Israeli public and the establishment of Israeli rule in Lebanon).

2. The second way of building domination is by pushing Arab governments to be as dependent as possible on outside powers which can be influenced by Israel from inside by means of the Jewish lobbies and which will become, in consequence, whether rapidly or more slowly, as alienated from their peoples as possible.

There are enough examples of this basic attitude from the beginning of the Zionist movement, but for our purpose two more recent examples will be sufficient, Sadat achieved his greatest popularity in Israel in the last few months before he was assassinated, when his regime was most oppressive. This policy of general and comprehensive oppression was specially praised, even celebrated by Israeli media and political figures, and this approach to the Egyptian politics is consistent from the twenties, when the whole weight of the Zionist influence was put to influence the British not to make "concessions" to Zaglul Basha; through the opposition in the early fifties to the withdrawal of British forces

from the Suez Canal Zone; and so on, through the 1956 and 1967 wars. The tying up of Egypt to the U.S. by means of the Camp David accords falls into the context of this policy, and its effect, which was achieved, was to make Egypt so dependent on the annual grants of the U.S. Congress, (which are in turn dependent on the favour of the Jewish lobby) that it lost all freedom to oppose Israeli policies, as the Lebanese experience has shown. The second example can be drawn from the Israeli intervention in Lebanese politics in the last ten years or more. It has been shown conclusively, again and again, that the politics of domination in the extreme sense, as practised by Israel, prevents completely all alliances with viable political or communal forces, whether they are "right" or "left," Christian or Muslim.

The only forces that the Israeli establishment wants to support, or indeed can support so long as it persists in its policies of domination, are such "forces" as Haddad's or Lahad's "armies" or the equally absurd "village defences" and other "militias," past or present.

For this reason, abundantly proven by experience, the story of the Israeli alliance with Amal is a myth; and equally so, the attempted alliance with the Phalanges which broke down immediately after the election of Bashir Gemayel, and in his lifetime. For the same reason the so-called "Jordanian option" of the Labour Party is a myth in which only people who want to accept illusions and to disregard plainly announced intentions can believe. This is true even if we will disregard the enormous portions of the West Bank which the Labour Party wants to keep under Israeli rule. The main point of their plan (shared also by most of Likud in the form of what they call "autonomy") known as "functional compromise" is, that under the ultimate Israeli control and sovereignty, Jordan will take upon itself to "keep law and order," (that is the actual work of oppression), and so become completely alienated from its people (both Palestinians and Jordanians) as well as dependent

on Israel as the South Lebanon Army is. Indeed if the line advocated in the Ha'aretz article will be followed, and achieve a short-term success, which is in my opinion doubtful but possible, an attempt in this direction will no doubt be made. Sharon's policies towards Jordan and what is advocated by the spokesmen of the present Israeli military establishment are not so different, after all.

3. It follows that Israel is basically opposed to every movement, based or connected with Islam, not for theological reasons of course (those operate only in the extreme right) but simply because such a movement will enjoy a considerable measure of popular support. For similar reasons, every national Arab movement, of whatever sort, is always opposed; and the best example of this was the implacable Israeli enmity to Egypt's Jamal Abdul Nasser, which began a long time before the 1956 Suez war, or even before his purchase of weapons from the Soviet bloc, as shown by the notorious "Lavon Affair." The enmity began once it was clearly shown that Nasser intended to pursue a policy directed at achieving a real Egyptian independence as shown by the strength of his demands for the removal of the British troops from Egyptian territory and his consequent popularity. It is a greatest delusion to disregard this factor. Of course, with the main part of the Israeli establishment being pragmatic, the constancy of this aim does not mean that war will be undertaken at every moment, but it means that it will be undertaken at a time which Israel considers favourable. It also means that policies which can really bring about a lasting peace with that Arab regime (whatever its attitude in global or internal affairs), which keeps some amount of popular following, will never be followed by any Israeli government under present circumstances, except under overwhelming external compulsion.

4. To avoid external pressure and to achieve support in its aim of domination, Israel and its allies in other countries conduct a well-orchestrated propaganda, specially important in Western countries, which resembles on all points what the anti-Semites said about Jews. Again, there is a continuity in this method from the earliest Zionist times, and despite the prevailing delusions most of the "doves" (of the Labour Party or other centre parties) are even worse on this point than Likud "hawks": Dr. Chaim Weizman, "explaining" to General Allenby in 1918-1920 "the nature of the Arab" has been more racist and more really disgusting than anything which Jabotinsky, or even Begin, ever said.

At present, the more sophisticated form of Israeli incitement against all Arab states and specifically those which enjoy considerable independent power, such as Syria, take the form of the so-called "anti-terror" campaign. I will not deal here with the inherent absurdities of this call, such as the Israeli terrorism itself or its alliance with the most terroristic state, namely South Africa; but experience has shown that for a time, the American public opinion can swallow everything and follow the greatest absurdities. It should also be noted that in the U.S. the demands for the toughest and provocative steps in the so called "anti-terror campaign" and absolute support for Israel are strongly tied together. From the point of view of the Israeli establishment, an Israeli attack on Syria in the name of the West, undertaken supposedly as a form of a modern crusade (like the one against Libya) represents the best scenario for achieving the domination of the Middle East. Whatever is the position of both Syria and Jordan regarding all this, the Israelis are only concerned that to the north and east of Israel, no other significant military forces exist at present; the Iraqis being tied in the Gulf war

(this is the reason behind the Israeli sales of weapons to Khomeini). Specifically, all the military forces of the Gulf states are quite negligible in comparison. Of course, this fact is known on the Arab side among the more thoughtful politicians.

Those Israeli policies can be stopped, either for a time, or even permanently. But the first and most necessary condition for such a change, which will be difficult anyhow, is a realistic knowledge of the situation, specially of the situation inside the Israeli-Jewish society, and the avoidance of myth-making, illusions and facile but delusive hopes.

/13046

CSO: 4400, 273

LIBYA

AUSTRIA, ARGENTINA, POLAND ENVOYS PRESENT CREDENTIALS

LD272203 Tripoli JANA in English 1804 GMT 27 Aug 86

/Text/ Tripoli, 22 Dulhija, 27 Shahr Hanibal, Jamahiriyah News Agency--The member of the People's Committee for Foreign Liaison Bureau received this morning the credentials of the ambassadors of Austria, Argentina and Poland successively.

The Austrian ambassador expressed on presenting his credentials the importance of developing the existing relations between the two friendly countries saying: My mission requires me to consolidate the good relations that exist between Great Jamahiriyah and Austria.

He declared that his country is concerned about world peace and peaceful coexistence amongst all nations.

The member of the People's Committee for Foreign Liaison Bureau praised the existing relations of cooperation between Great Jamahiriyan and Austria. He highly valued the role of the Austrian Government towards the Palestinian Arab cause especially after Waldheim's assuming power which will seriously contribute in developing and strengthening the two friendly countries' relations.

He confirmed that Great Jamahiriyah is constantly anxious to develop its relations with all the world's nations and to stand with the liberation movements that fight for freedom and against imperialist and Zionist domination which made it vulnerable to imperialist conspiracies and aggressions.

He said: "These hostile acts against Great Jamahiriyah come under the feeble unfounded disguises. Great Jamahiriyah wants peace, works towards peaceful coexistence and the Libyan Arab people is determined on replying with all force against any external aggression."

The new Argentinian ambassador, on presenting his credentials, stressed the importance of backing and developing the existing relations of cooperation between Argentina and Great Jamahiriyah in various fields. He declared his country's standing and solidarity with Great Jamahiriyah's people against any outside aggression the Libyan Arab people are exposed to.

He said: "I present the thanks of the people of Argentina to the Libyan Arab people for its standing against the British aggression on the Argentinian "Malvinas" islands" /quote marks as received/

The member of the People's Committee for Foreign Liaison Bureau stressed upon Great Jamahiriya's desire to strengthen the links of cooperation between the two friendly countries. He indicated that Great Jamahiriya and Argentina have a common enemy--Britain--which launched an aggression on the Malvinas island and participated with the U.S. Government in its barbarous aggression of the people of Great Jamahiriya.

The Polish ambassador, on presenting his credentials, conveyed the greetings of the Polish President "Jaruzelski" to the leader of the revolution. He said "the high political leadership in Poland attaches great importance on consolidating cooperation and strengthening the links of existing amicability between the two countries."

He renewed the condemnation, by the Government and the people of Poland, of the U.S., NATO failed barbarous aggression on Great Jamahiriya and the continued imperialist provocations to the Libyan Arab people.

The ambassador of Poland praised the role of Great Jamahiriya in securing the security of the Mediterranean Sea region to turn it into a lagoon of security, peace, cooperation and nuclear arms-free.

The member of the People's Committee for Foreign Liaison Bureau praised the good relations that bind the two friendly people in Great Jamahiriya and Poland. He pointed out that they are excellent relations. He said: "We are anxious to develop these relations in a way that they serve the joint interests of the two countries."

/12228

CSO: 4500/205

LIBYA

BRIEFS

NEW OIL STORAGE FACILITY--The new Nasir Oil storage depot was opened in Misrata on 30 August as part of the popular celebration of the 17th anniversary of the Great 1 September Revolution. The Nasir oil storage depot will supply the central and southern areas of the Great Jamahiriya with various petroleum products. The Nasir oil depot occupies a total area of 50 hectares. Its storage capacity 275,000 cubic meters. A group of Libyan Arab young men have been trained to administer, operate, and maintain the vital project that has been provided with all the necessary equipment. /Excerpts/ /Tripoli Domestic Service in Arabic 1230 GMT 31 Aug 86 LD/ 12228

HEALTH COOPERATION WITH BULGARIA--Sofia, 27 Aug (JANA)--The minutes of a health cooperation agreement between the great Jamahiriya and the Bulgarian Republic, which included means of bolstering and developing the existing cooperation between the two countries in the sphere of health, was signed in Sofia yesterday. /Text/ /Tripoli JANA in Arabic 1545 GMT 27 Aug 86 LD/ 12228

PETROCHEMICAL, OTHER ADVANCES--Tripoli, 21 Dulhija, 26 Shahr Hanibal, Jamahiriya News Agency--The General People's Committee for Planning announced that Great Jamahiriya has actually entered into the field of the petrochemical industries and has become one of the leading states in exporting ammonia, methanol and uria. The committee said that Libyan Arab petrochemical products are invading the world's markets side by side with heavy fuel, diesel oil, kerocine and other oil byproducts and petrochemicals. A report published by the General People's Committee for Planning said that electric power generation in great Jamahiriya had achieved a big increase from 675 megawatts per hour in 1970 to 8,000 megawatts per hour at the end of 1985. The report added that Libya has taken big strides forward on the field of seawater's distillation to use it in the agricultural fields and for drinking the product of which has risen from 182,700 cubic meters per day to more than 291,000 cubic meters per day. /Text/ /Tripoli JANA in English 1813 GMT 26 Aug 86 LD/ 12228

CSO: 4500/205

MOROCCO

COOPERATION WITH CENTRAL AFRICAN REPUBLIC EXAMINED

Rabat AL-BAYANE in French 19 Jul 86 p 3

[Text] The Moroccan economic and financial delegation that went to the Central African Republic last week has completed its work, devoted, among other things, to an examination of the technical and practical application of major decisions made at the end of June in Bangui at the time of the meeting of the first grand Moroccan-Central African joint commission.

Two agreements, the first concerning the establishment of an air link between Casablanca and Bangui and the second dealing with cooperation in the field of public health, were drawn up.

Morocco and Central Africa also exchanged the maximum information and technical data leading to the feasibility study for a bank in Central Africa.

They also [portion of text deleted] of the establishment of structures for small and medium-sized enterprises, given the richness of Moroccan experience in the field.

The Moroccan-Central African commission also examined the possibilities of advanced cooperation in the field of information and communications. The Central African Republic will benefit from the already substantial Moroccan experience in that domain.

In the speeches delivered by the heads of the Moroccan and Central African delegations, Omar Bencheikroun, Moroccan ambassador to Bangui, emphasized the climate of African brotherhood and the level of the reports and debates included in the work of the commission of experts.

He also expressed satisfaction with the results of the work and expressed the hope of seeing relations between Morocco and the Central African Republic grow stronger and reach the level desired by the two chiefs of state.

For his part, Sissa Le Bernard, roving ambassador and head of the Central African delegation, said that the arrival in Bangui of a delegation of high-level Moroccan experts only a few days after the meeting of the first commission bears witness to the determination of both sides to cement the relations of brotherhood and friendship linking the two countries. He also emphasized that the work of the commission of experts has been highly positive.

11,464

CSO: 4519/157

MOROCCO

BRIEFS

REPORT ON PORT ACTIVITY--On Thursday, Mohamed Kabbaj, minister of equipment and professional and cadre training, presided over a meeting of the board of directors of the Office of Port Development (OEP) held in his offices. The meeting was attended by secretaries general of the ministry, along with the secretaries general of the Ministries of Ocean Fisheries and the Merchant Marine, Transportation, Energy and Mines, and members of the board of directors of the Office. It dealt with port activity in 1985 and included an evaluation of the results of the first year of existence of the OEP. Office activity in 1985 did not indicate [sic] compared with the total volume recorded in 1984, despite the drop in wheat imports. This maintenance of the level of activity is due to the considerable increase in the number of containers, which was 15.4 percent at the port of Casablanca and 48.6 percent at Tangiers. The meeting also examined measures taken in the field of management and the organization of port operations, as well as the continued training of the different categories of cadres working in the sector and coordination with the various organizations involved in lighterage operations. With respect to the Office's financial situation, the board noted with satisfaction the application of the program defined by the board for 1985, with anticipated receipts being achieved, along with savings of 11 percent on anticipated expenses. [Text] [Rabat AL-BAYANE in French 19 Jul 86 p 3] 11,464

CSO: 4519/157

SUDAN

BRIEFS

TRADE ALLIANCE WARNS GOVERNMENT--Khartoum, 31 Aug, SUNA—The Alliance of Workers Trade Unions has warned the government from clashes with unions at this critical stage in the history of the nation. In its meeting at the engineers club the alliance has discussed the government stance towards Sudan Airways employees and denounced the threat of liquidation which was previously used by the defunct regime of Numaryi to intimidate the people. The meeting demanded an urgent meeting with the prime minister in this direction. On the other hand, representatives of Sudan Airways administration are insisting on explanation of the employees. The representatives said the trade unions committee would give the required explanation on behalf of the staff because it was the body which declared the strike. Sudan Air Union representatives said that the committee which was formed recently by the prime minister and headed by the minister of industry to study the company, was an unwise move by the government because there were previous studies that cost the government millions of pounds and they were piled up in the desks. /Text/ /Khartoum SUNA in English 1012 GMT 31 Aug 86 JN/ 12228

CSO: 4500/204

IRAQ

AL-RAFIDAYN BANK GENERAL BUDGET AS OF 31 DECEMBER 1986

Baghdad AL-THAWRAH in Arabic 10 Aug 86 p 8

[Text]

<u>Assets</u>	1985	1984
	Dinars	Dinars
<hr/>		
<u>Current Assets</u>		
Cash on hand & in bank	1,940,863,951	1,807,803,750
Gold bullion	56,922,125	56,903,927
Securities	1,289,322,308	1,236,773,220
Discounted bonds, credits and loans (after allowance for doubtful debts)		
Discounted bonds	92,255,118	64,483,179
Credits & loans	6,636,972,242	5,526,841,649
Various accounts receivable	341,344,460	291,071,458
<u>Fixed assets (after allowance for depreciation)</u>	<u>21,934,593</u>	<u>20,897,200</u>
Total assets	10,379,614,797	9,004,774,383

<u>Assets</u> (continued)	1985	1984
	Dinars	Dinars

[Standing?] accounts

belonging to customers

exchanging paper credits,

letters of guaranty &

eligible drafts receivable

(after deducting premiums) 5,492,765,937 5,668,581,475

Grand total assets 15,872,380,734 14,673,355,858

Liabilities	1985	1984
	Dinars	Dinars

Current liabilities

Current accounts & other

deposits 9,594,534,971 8,394,292,580

General Treasury share of

profits 217,627,326 167,387,536

Various accounts payable 103,531,768 51,715,978

Liabilities (continued)	1985	1984
	Dinars	Dinars
<hr/>		
<u>Fixed liabilities</u>		
<u>Capital & Reserves</u>		
Allocated & paid-in capital	50,000,000	50,000,000
General reserves	<u>413,920,732</u>	<u>341,378,279</u>
Total	<u>463,920,732</u>	<u>391,378,289</u>
Total liabilities	10,379,920,732	9,004,774,383
 <u>[Standing?] accounts</u>		
belonging to the bank		
exchanging paper credits,		
letters of guaranty &		
eligible drafts receivable		
(after deducting premiums)	<u>5,492,765,937</u>	<u>5,668,581,475</u>
 Grand total liabilities	 15,172,380,734	 14,673,355,858

Profit, Loss and Distribution Statement for Year Ending 31 Dec 1985

<u>Expenditures</u>	1985	1984
	Dinars	Dinars
<hr/>		
Interest & payments	191,113,211	158,055,770
Salaries & other expenditures	39,724,352	29,920,134
Net material profit for dis- tribution as shown below	<u>290,169,768</u>	<u>223,183,382</u>
	<u>521,007,331</u>	<u>411,159,286</u>
General reserves	72,542,442	55,795,846
Public treasury share	<u>217,627,327</u>	<u>167,387,536</u>
	290,169,768	223,183,382

<u>Revenues</u>	1985	1984
	Dinars	Dinars

Banking operations surpluses and commissions	115,333,745	127,941,374
Investment surpluses and com- missions	400,426,172	280,069,748
Other revenues	<u>5,247,414</u>	<u>3,148,164</u>
	<u>521,007,331</u>	<u>411,159,286</u>
Net income carried from above	<u>290,169,768</u>	<u>223,183,382</u>
	290,169,768	223,183,382

Chief disbursing officer & chairman of the board of directors,

Tariq Talib al-Takmahji

IRAQ

OIL MINISTER PREDICTS 2 MILLION BPD FOR 1986

London MEED in English 23 Aug 86 pp 16-17

[Text]

An average 2 million barrels a day (b/d) of crude oil will be produced for the rest of 1986, says Oil Minister Qassem Ahmad Taqi al-Uraibi.

Iraq made no commitment at the recent OPEC conference, and will decide its own production policy, Al-Uraibi said in early August. The government is looking to achieve a just quota, equal to Iran's 2.3 million b/d. Completion of the Turkish pipeline expansion should increase export capacity to 2 million b/d in mid-1987. This should rise to 3.1 million b/d by the beginning of 1989, once the second stage of the Iraq pipeline across Saudi Arabia (IPSA 2) has been completed.

Al-Uraibi reiterated that Iraq would not necessarily use the full pipeline capacity, and expressed the government's wish to preserve OPEC's interests. "We do not want to bring harm to ourselves or to OPEC's countries . . . we do not want to produce oil without proper consideration." The pipelines are mainly intended to achieve "flexibility of exports," he said.

Production in July was estimated at more than 1.9 million b/d. About 1 million b/d is being exported through Turkey. The recent flow through IPSA 1 has been only about 350,000 b/d, against the 400,000 b/d average achieved in June and 510,000 b/d in February — the highest monthly average since the pipeline opened in September 1985. Between 100,000-200,000 b/d are being trucked through Jordan and Turkey; domestic consumption is estimated at 300,000 b/d.

/9274

CSO: 4400/279

IRAO

BRIEFS

BASRA WATER SCHEME--Tender documents for the Basra water supply scheme are now being issued to a list of pre-selected contractors. The closing date is reported to be 6 October. Preliminary designs and performance specifications were drawn up by UK consultant Binnie & Partners; client is the Baghdad Water Supply Administration. (MEED 2:8:86; 14:6:86). The scheme will initially supply 100 million gallons of water a day to Basra, and the outlying towns of Qurna, Zubair, Abu Khasib, Umm Qasr and Safwan. The daily capacity can be expanded to 250 million gallons. Water will be taken from the Gharraf river at a point about 55 kilometres north of Nasiriya. A treatment plant is to be built at the intake. The water will be carried along a 230-kilometre pipeline--between 1,600-1,800 millimetres in diameter--towards Basra. Three reservoirs--each able to impound 30 million litres of water--and associated pumping stations are to be built along the line. The pipeline will split at the third reservoir: pumping water to terminal reservoirs outside Basra, and Zubair, further south. From there, water will be pumped to reservoirs in areas where demand is greatest--three in Basra, and one each in Abu Khasib, Hartha and near Qurna. A telemetry system will control the flow. [Text] [London MEED in English 16 Aug 86 p 11] /9274

BAGHDAD PUBLIC WORKS--The dismissal of the deputy mayor of Baghdad has cleared the way for a complete reappraisal of work in the capital. Hisham al-Madfai--responsible for design and construction--is understood to have been officially "retired" at the end of July. The former mayor, Abdel-Wahab Mohammad Latif al-Mufti, was dismissed in June (MEED 28:6:86). A moratorium on all work in the capital has been declared. Projects are being reviewed by the new mayor, Khaled Abdel-Moneim Rasheed, and his new deputy, Abdel-Hussain Shaikh Ali. The latter has a previous connection with the municipality--he was appointed mayor in June 1982. The appointment of Rasheed and Shaikh Ali may reflect a further tightening of control by President Saddam Hussain. Rasheed is a former head of the presidential diwan and advisor to the president. He is now secretary-general of the Revolution Command Council. [Text] [London MEED in English 16 Aug 86 p 11] /9274

CSO: 4400/278

ISRAEL

RETURN OF AREA 9 TO ARABS STIRS CONTROVERSY

Tel Aviv MA'ARIV in Hebrew 13 Aug 86 pp 1, 9

[Article by Yehoshu'a Beytzur and Yehudah Goren: "Area 9 Is the Nucleus of a Palestinian State"]

[Text] Member of Knesset Beni Shalita (Liqud) said that ever since the days of the Jerusalem Mufti, Haj Amin-al-Husayni, Palestinian Arabs have not had a better spokesman than Ezer Weitzman. The accusation was made at a Liqud Knesset delegation meeting which was held on 12 August and which bitterly attacked the government's proposal to return Area 9 to the Arab villages in the region.

Member of Knesset 'Uzi Landau added that returning Area 9 would turn it into the nucleus for a Palestinian state in the Galilee and raised the question as to which development town would pay the price for aid to Arabs.

All those who spoke accused Prime Minister Peres and Minister Weitzman of pushing this resolution for political reasons. After the meeting several members said that Peres had made a bad deal because his decision may give Alignment a few Arab votes but will give Liqud a lot of Jewish votes.

Surprise was voiced at the position of the defense minister considering the fact that Chief of Staff Lt Gen Moshe Levi had voiced his reservations. The Liqud Knesset delegation decided to meet with Lt Gen Levi in order to hear his explanation. Members of Knesset Hayim Kaufman, 'Ovadiyah 'Eli, Pinhas Goldstein, 'Uzi Landau, Benny Shalita and Me'ir Cohen Avidov were to represent their party.

The Liqud Knesset members had many complaints to their own ministers, none of whom showed up at the 12 August meeting, for not opposing the proposal at the cabinet meeting earlier in the week. Therefore, the above delegation was to meet in Jerusalem with Liqud's ministers, too. That meeting was to be held following the cabinet meeting where the Taba issue was to be discussed. The delegation was to demand and initiative against the proposal. Member of Knesset 'Uzi Landau was upset: "The ministers are apparently not very much interested in this issue."

Israel Qenig, who used to be in charge of the northern region, was present at the Liquid Knesset delegation meeting. Qenig said: "I was pushed into a corner when I received a directive from the prime minister to not implement court orders regarding the demolition of illegally constructed homes in Arab villages. I had to decide whether to obey the order or ignore it. I opted to resign.

Mr Qenig maintained that the Arab hold over the Galilee is increasing and that Israel is losing ownership of the land. According to Qenig there is no doubt that they will continue to struggle, along with the PLO, to return to the border as defined in the 1947 UN resolution. He warned that returning Area 9 to the Arabs is but the tip of the iceberg and that it will revive the struggle over other controversial lands. In his opinion Galilee Arabs have the same mentality as citizens of Southern Lebanon, as if the law of the land does not apply to them. His conclusion is that this is a process of selling national interests for political gains.

Member of Knesset Me'ir Cohen Avidov announced that he will propose a law transferring all government lands to Qeren Qayemet [Jewish National fund], since the latter is mandated to make sure that its lands are given to Jews only. He warned that returning Area 9 would signal the beginning of the Arab struggle to liberate the Galilee of Jewish hands.

Member of Knesset Yehoshu'a claimed that the Area 9 resolution is the beginning of national collapse. It will revive Arab extremism within the Green Line. Member of Knesset 'Uzi Landau demanded that Liquid ministers insist that approval of the proposal regarding Area 9 be denied. He was bitter that Alignment is very concerned about the Arab quality of life, but is willing to choke out settlement in Judea and Samaria in every possible way. He accused Alignment of trying to achieve political gains at the expense of Israel's security.

Member of Knesset Pinhas Goldstein accused Ministers Ariq Nehamqin and Yitzhaq Rabin, Alignment hawks, of dancing to Ezer Weitzman's music all of a sudden. According to him, Weitzman is pulling Alignment to the left.

Member of Knesset Kaufman voiced his concern that Israel is fast approaching a situation of a mini-Palestine in the Galilee. In his opinion this is political blackmail taking place 60 days before the rotation of the government. Deputy Minister Roni Milo suggested that once he assumes the premiership, Yitzhaq Shamir put Minister Moshe Arens in charge of Arab affairs. He demanded a struggle within the cabinet to rescind the resolution. Milo even hinted that following the rotation implementation of the resolution, which has not yet been adopted, it can be halted. Member of Knesset Benny Shalita said succinctly that the proposal regarding Area 9 will come to nothing.

"The decision regarding Area 9 was not a political gesture but a humanitarian one--to return the land to its rightful owners. It was arrived at when we concluded that the IDF no longer needs it. We have created a precedent in Israeli politics. All the time leaders make promises and the people wait. This time we made a decision without having promised anything ahead of time,"

said Prime Minister Peres in a visit to Sakhnin in the Western Galilee. The prime minister was accompanied by Minister Weitzman who co-sponsored the decision.

The prime minister added: "We released 12,000 dunums in Area 9, of which 9,000 belong to Jews and 3,000 belong to Arabs. All this time there were clashes in the area. After examining the issue we concluded that there is no sense pretending. Arabs were allowed to work their lands on the Sabbath, on holidays, and in between IDF drills. All this caused mass confusion and we decided to concentrate on those training areas which are really vital, and where we will be very careful to ensure that the IDF has what it needs."

The principal of the Sakhnin High School told the prime minister that returning Area 9 will not constitute political blackmail. "Israeli Arabs are mature enough politically to understand this. The decision to return the lands is meant to reinforce our historical right to our lands," he said.

Many applauded the prime minister and Ministers Weitzman and Ariq Nehamqin when they arrived at Sahnin. Head of the local council, Muhammad Ramayim called on the prime minister to grant general amnesty to all those in violation of building codes in the Arab sector.

The prime minister declared that "what Israel offers the Arabs is not acceptable to them and what the PLO offers Israel is not acceptable to us." In response there were shouts from the crowd: "PLO! PLO!" Peres responded: "The PLO is divided within itself and everything said by the PLO is but a dream. There is only one way and that is negotiations for peace, when serious Jews and Arabs meet and earnestly discuss the issues and look for an honorable, just solution for all."

Some Sakhnin dignitaries demanded that Peres not carry out the rotation "so that Likud does not assume power." Peres answered that the rotation will take place "but policies will not change and we will not allow the peace process to stop or decisions to be rescinded." The prime minister proposed to his listeners to change "Land Day" to "Humanity Day."

Sarah Friedman quotes Minister Ari'el Sharon: "What happened in Area 9 was neither justice nor a political act. It was a typical partisan move. Just look at the forum that proposed the resolution and just consider who came to make the big announcement. Who knew about it? I heard it on the radio, without any prior announcement. None of us were invited." Sharon spoke at a meeting of Herut delegates from the central region which took place at the Bat Yam Marina Hotel. "Jews and Arabs will always live together, but on two conditions: that we behave honestly and lawfully, all of us, as Jews and Arabs without any guilt feelings as if we had robbed each other. I am not talking of having lands returned, but about compensating those who violated the law, and those who blocked training areas who are now receiving an award," he added.

8646

CSO: 4423/127

ISRAEL

ARABIC PAPER REPORTS RABBI'S VISIT TO IRAN

Tel Aviv MA'ARIV in Hebrew 14 Aug 86 pp 12

[Article by Shafi Gabb'ay and 'Ezra Yanov: "Israeli Rabbi Secretly Visits Tehran at the Invitation of Khomeyni"]

[Text] "Rabbi Menahem Sha'uli, originally from Iran and now residing in Israel, secretly visited Tehran at the invitation of the Ayatollah Khomeyni. They discussed the possibility of rescinding the decision to draft Jewish men for the war against Iraq." The report is quoted from the Arabic weekly, AL-DUSTUR, published in London.

The paper reports that Rabbi Sha'uli is known as one who has maintained good relations with religious leaders in Iran. Israel, who wished that Jews not be drafted, enlisted the services of Me'ir 'Ezri, the Israeli charge d'affaires in the days of the Shah, and his brother, Albert 'Ezri, a businessman from the same period, and later manager of the Iranian language broadcasts at Qol Israel.

Me'ir and Albert contacted Iranian friends. They suggested that Khomeyni invite an old friend of the Shiite imams, Rabbi Menahem Sha'uli, to discuss the fate of the Jewish community in Iran. The suggestion was accepted.

The paper reports that Khomeyni agreed in principle to rescind the decision to draft Jews. The Iranian writer, Dr 'Ali Nuri Zadeh, who is responsible for the "scoop," claims that it is most likely that Israel agreed to supply Iran with weapons and spare parts. According to AL-DUSTUR, the decision by Iran to draft Jews was adopted with the knowledge of the current Tehran rabbi, Rabbi Dudi. The latter issued a statement at the beginning of the year claiming that the Jews, too, want to participate in the Iranian war effort and that they also want to be decorated, just like the Christians and Moslems.

Rabbi Moshe Cohen Sha'uli, who lives in Ashdod, received the Arabic section of the paper where the story appeared. "No, no. I have never been to Iran. This is not true. They obviously mean me. The picture is certainly mine and I have no idea how the paper got hold of it. If they wrote Menahem Sha'uli, they may have made a mistake. But then again, maybe they are trying to tell us something."

Rabbi Sha'uli pointed out that the news of this appointment as chief rabbi of the Iranian community in Israel and in other countries has been well-publicized. He is board member of the Iranian immigrants in Israel, but has no idea who wrote the report and what his intentions may be. He has heard rumors that a report on Iran today has been published in the U.S. and that his name was somehow included in it also.

ISRAEL

ISRAELIS ADOPTING CHILDREN IN ROMANIA

Tel Aviv MA'ARIV in Hebrew 8 Aug 86 pp 1, 11

[Article by David Zohar and Q. Naftali: "Scores of Childless Israeli Couples Adopting Babies in Rumania"]

[Text] Scores of childless Israeli couples have recently started an "onslaught" on Rumania in order to find adoptable children, now that Brazil has turned the issue into a most complex and expensive deal for Israelis.

It turns out that in the course of the past year Israelis have discovered that Rumania is a much simpler and easier source for adoptable children and that the Rumanian authorities are not creating any particular difficulties. Even monetarily, the deal entails much smaller sums.

The issue of adoption has evolved in Israel into an organized network to locate children and initiate the legal procedures. The network is headed by Haifa attorney Shim'on Ulman, a religious man, active in MAFDAL. Ulman concentrates mostly on the legal aspects and is helped by another man from Haifa, an immigrant from Rumania, who sees to it that contacts are made with the Rumanian authorities. A wife of one of the Israeli diplomats in Bucharest is also instrumental in making contacts with the Rumanian authorities.

To date scores of babies have been brought in and many others are in the process of being adopted. Most of the babies who are candidates for adoption are about 1 year old and live in orphanages. They are children of unwed mothers or come from broken homes. One rumor has it that some of them are Gypsy children who have been abandoned by their parents because of economic hardships and other reasons.

MA'ARIV found out that adoption processes from Rumania are perfectly legal and are conducted with the full awareness of the Israeli government. The adoptive families are even receiving aid from the Israeli delegation in Rumania. The Rumanian law permits adoption of children and sending them out of the country following an appropriate court order. The price that the adoptive families pay the broker for taking care of the legal procedures in Rumania is \$1,200 (two \$600 payments). It seems that the broker receives most of it.

Attorney Shim'on Ulman confirmed in an interview with MA'ARIV that he is active on the issue of adopting children from Rumania. He explained, however, that he acts in a legal capacity only and has nothing to do with actually bringing the children in or with contacts with the authorities. Ulman feels that another issue about which he is very particular is that conversion be performed by a qualified rabbi, either in Rumania or in Israel. Ulman insisted that the rumor that many of the adopted babies are Gypsy children who are sold illegally is a "vicious report."

The Israeli couples make the trip to Rumania themselves. They visit orphanages and choose the prospective child (aged 1 month to 1 year). After selection they return to Israel. At the end of the legal procedures they go back to Rumania and return with the child. Immediately following selection the babies undergo rigorous medical examination.

The rumors regarding the possibility of adopting children from Rumania originated with Israelis who visited there. They had enthusiastic tales of a "baby fair" being held there in one of the central hotels of the capital.

It turns out that the phenomenon is much more limited than people were first led to believe. Officials in Rumania claim that in their country adoption is a legal procedure; there are courts which rule on each case individually, after questioning the prospective parents to ascertain that they are able to take care of the child in a reasonable fashion. It was also reported that the price collected is \$600 and is paid as court expenses.

The official Rumanian policy encourages a higher birth rate and large families with at least four children. There is strict prohibition on abortion and performing one without sufficient medical reason is considered a serious offense.

As to the legal aspect from Israel's point of view, any legal adoption in Rumania is recognized by Israel, also. If the couple follows the official route and contacts the Israeli embassy in Rumania in order to register the adopted child on their passport, it is known that the child is not Jewish and that is the way it is noted in the passport.

The problem arises if and when the couple leave Rumania via another European country, remain there for a while, and then return to Israel. "In this case the woman can claim that she gave birth while abroad," says a conversion expert who is aware of the methods employed in order to cheat both the rabbinate and the Interior Ministry.

Officials at the Interior Ministry are afraid that adoption from Rumania will open a new front of bringing non-Jews to Israel.

As far as is known, most of the children adopted from Brazil have undergone proper conversion. The rabbinate is now gearing up to deal with the adoptions from Rumania, if and when it turns out that the numbers are significant.

8646

CSO: 4423/127

ISRAEL

CITIZENS POLLED ON SELF-IMAGE, MORALITY

Tel Aviv YEDI'OT AHARONOT in English 1 Aug 86 pp 1, 2

[Translation into English by Government Press Office]

[Text] (...) is the average Israeli endowed with moral capacity and value judgment which reflects on, and enables him to evaluate, himself, his fellow Israelis, and close or distant events, according to solid moral criteria?

We don't pretend to give decisive answers or be the final arbiters on such a tangled and thorny subject, by its very nature, it goes well beyond the media framework. In a series of specific questions presented to the public, via a representative sample of the adult Jewish population, based on a survey carried out by a team of researchers headed by Dr Nina Zemach (1,162 personal interviews) we set ourselves a rather modest challenge: to isolate a series of national characteristics and interpret them as indicators. [as published]

In other words: in the subjects raised, which required the interviewees to respond in moral-value terms, we sought to clarify for ourselves what the average Israeli considers good or bad, permissible and impermissible, desirable and undesirable.

However, from the outset we ran into two problems--as the head of the research team will testify--which hamper an analysis of the findings and are liable to distort their significance. The first is a general problem not specific to the Israeli public. This is a phenomenon called by the sociologists "social desirability": the interviewee's wish to behave according to accepted social norms ("like everybody") and to give "desirable" responses. (...)

The second problem is specific, seemingly, to our society: on certain questions, and most strikingly on the question "do you cheat or have you ever cheated on your income-tax returns?", the percentage of those who refused to answer, despite the anonymity of the survey questionnaires, was so high that we simply had to drop questions of this kind.

This is, if you like, also a relevant datum that says something about the moral character of the average Israeli. In similar surveys done in the U.S. and Europe, the number of those responding to this question was relatively high.

Taking into account the reservations mentioned above, what can be learned from the salient findings of the survey? The following picture emerges from a free translation of the statistical data:

*The average Israeli rates himself very highly, and presents himself as possessing moral attributes sufficient to arouse envy. But he's tolerant of others' imperfect morality, and forgiving of their sins. Thus the average Israeli says, in effect: "I'm a hundred percent OK, my pal not so much, but that's not so bad."

*The older the Israeli, the more he presents himself as having stricter moral demands; the younger he is and if native-born, the less he takes into account moral values, and he tends to judge others more leniently.

*The Israeli is generally very forgiving of material/economic offenses.

*The Israeli scrupulously believes in several sacred cows which, he thinks, deserve a high moral rating--first and foremost (in this order): the legal system, medicine and security, including the GSS, even after the affair that bears its name.

*In contrast to the "sacred cows," the average Israeli shows no tendency to admire--to put it mildly--businessmen, party workers and...journalists. The police also have a relatively poor image on the general value scale.

*The Israeli is pictured as relatively permissive in sexual matters, but has yet to catch up with the average American or European in this regard. (...)

The Morality Factor: Self-Image

Question: How do you assess yourself--very moral, generally moral, not so moral, not at all moral (answers in percent):

Very moral	37
Generally moral	51
Not so moral	5
Not at all	1
No reply	6

(...)

The Morality Factor: I'm Okay, Jack--But What About Jack Himself?

Question: Following is a list of offences. 1. Do you think they are serious?
2. If a friend committed one of the offences, would you value him less? (%)

<u>Offense</u>	<u>Serious</u>	<u>Affects valuation of Friend</u>
False income tax report	69	47
Non-payment of VAT	70	47
Non-declaration to customs	64	41

Insurance fraud	69	52
Sick-day fraud	67	53
Taking equipment from factory	74	65
Account padding	74	62
Business fraud	74	60
Lying to superiors	65	--
Lying to work colleagues	69	--

Conclusion: This is a direct continuation of the high self-esteem that was noted above. (...)

But take note of the second column: the overall picture shows a sharp drop when it comes to assessing the severity of an offense when it is committed by a friend. Suddenly our Israeli becomes forgiving, as if he demands less from a friend than from himself. However, there is no doubt that from this forgiveness of others something can be learned about credibility--more specifically the lack of credibility--of the findings on the personal plane: the gap between the two columns of findings evidently indicates what we can term the reasonable level of hypocrisy of those questioned. (...)

The older and better educated the Israeli, and the higher his salary, the stricter he is in the above subjects; if he is younger, native-born, lacking in formal and a low-wage earner, he tends to be more lenient. (...)

Judges and Doctors: Good Jewish Professions

Question. How do you evaluate the following professions? (highest possible grade: 100)

<u>Profession</u>	<u>Grade</u>	<u>Profession</u>	<u>Grade</u>
Judges	77	Ministers	36
Doctors	69	Mayors	35
IDF officers	58	Policemen	29
GSS personnel	57	MK's, Bankers	28
Rabbis	46	Journalists	21
Lawyers	45	Politicos	15
Teachers	41	Businessmen	14

Secual Permissiveness Is Not Rampant

Question: Do you favor or reject pre-marital sexual relations?

	<u>For Males</u>	<u>For Females</u>
Favor	52	46
Indifferent	29	30
Reject	16	22
No reply	3	2
(...)		

Extra-Marital Sexual Relations: The Hypocrisy Factor

Question: Do you take a severe view of extra-marital relations: Answers of men questioned: yes--30%; answers of women questioned: yes--31%.

Question: Do you take a severe view of extra-marital sexual relations on the part of a friend?

Men questioned: Yes--58%; women questioned: yes--63%.

Here . . . the phenomenon we have already seen repeats itself: when a friend does it, it's less serious. Hypocrisy rides again.

Who's Afraid of Homosexuals?

Question: 1. Attitude toward homosexuals. 2. Would you rule out a homosexual as a cabinet minister?

	<u>Homosexuality as a Phenomenon</u>	<u>Homosexual as Minister</u>
Reject	41	42
Do not reject	36	32
No opinion	23	26

Again take note of the high percentage (about a quarter of those questioned) with no opinion on the topic. (...)

/9274

CSO: 4400/276

ISRAEL

RETIREMENT AGE MAY BE RAISED BY 2 YEARS

Tel Aviv MA'ARIV in Hebrew 10 Aug 86 pp 1, 9

[Article by David Lifqin: "Histadrut Proposes Raising Pension Premiums"]

[Text] A Histadrut committee, which examined ways to improve the financial position of pension funds, recommends raising the retirement age from 65 to 67 for men and from 60 to 62 for women. It also recommended raising the pension premiums by 16 to 20 percent within a short period.

The committee insists on merging all pension funds under one umbrella.

The committee, headed by former president of the government employee union, Eliyahu Rayf, maintains that there is a need to raise the premiums paid by both members and their employers. In the first phase it demands implementing a decision that has already been made, namely to raise premiums by 1.5 percent. It has recommended that in future years the additional raise will take effect on a gradual basis, after approval by the Finance Ministry.

In the committee's opinion retirement age has to be raised because of higher life expectancy. It recommends to the central committee to examine this issue in the near future.

The Histadrut committee concluded that under present conditions there is no choice but to merge all pension funds into one, in order that they can all meet their obligations. The merger will also include the books and the standardization of by-laws.

The proposed merged pension fund will have several divisions: The first, Histadrut Fund, will include Nativ and the Central Pension Fund, the second division will cover all services, and the third will cover underwriters.

The committee maintains that expenses can be cut substantially by merging the Histadrut funds. Savings are expected to be realized because of reduced staff and lower expenditures on automation.

Members of the committee were Eliyahu Rayf (chairman), deputy chairman of the professional union division, A. Ziloni, general manager of underwriters, A. 'Eyrar, chairman of the Retired Person Union, A. Abramovitz and the legal

adviser for social security in the Histadrut, Ms Yehudit Nahman. Israel Qeysar is to propose these recommendations to the central committee. A debate is expected as to whether to merge all pension funds into two or one fund. Committee members expect differences of opinion and as a result there may be some difficulties in implementing the recommendations, unless Mr Qeysar gives his blessings. This will be the first test on the road to implement the proposals.

8646

CSO: 4423/127

KUWAIT

AID TO MAURITANIA ALLEVIATES WIDE RANGE OF NEEDS

Kuwait AL-QABAS in Arabic 2 Aug 86 p 6

[Article by Muhammad Samrah: "Aid to Nouakchott Continues in All Areas"]

[Text] The Kuwaiti charge d'affaires in Nouakchott, Sulayman al-Harbi, said that Kuwaiti relations with Mauritania were better than just good because of the wise Kuwaiti policy pursued by his highness the amir of the country and his highness the crown prince the prime minister.

He added in his talk with AL-QABAS that our relations with our brothers the Mauritaniens arise out of a single brotherhood, religion, and deep-rooted Arab customs and traditions. There are also economic, political, media, and cultural relations. As for the political relations, they are very good, the result of Kuwait's clear and balanced policy supportive of all Arab causes, including the current national government of Mauritania.

Concerning economic relations, Sulayman al-Harbi said: "There is economic cooperation between Kuwait and Mauritania, and Kuwait also offers financial and economic aid to this Arab country; for example, it builds hospitals and hotels, holds shares in Mauritanian banks, and is helping to expand the main port in the city of Nouadhibou, Mauritania's second capital, and paves roads in the capital. That is not counting the aid given by the Kuwaiti alms tax treasury, such as caring for the handicapped, providing for orphans, and digging water wells. Moreover, media relations between the two countries are extensive. Kuwait gives the Mauritanian radio and television many documentary and religious films, serials, and educational programs."

Kuwaiti Projects

Concerning the Kuwaiti projects in Mauritania, the charge d'affaires of our embassy there said that these projects are numerous. The most important ones are:

First: The road maintenance project. This project includes buying some of the equipment needed to maintain and improve the roads, and offering technical help to the office of roads and transportation in the Ministry of Equipment, which is the ministry responsible for implementing the project.

The project also enables this office to continue with the program of improving about 465 km of roads, and to prepare an economic and technical feasibility study on building a paved road 200 km in length between the cities of Rosso and (Yunji). The total cost of the project is estimated at 4 million Kuwaiti dinars, of which about 2.79 millions dinars is in foreign currencies.

Secondly: The Nouakchott-Kiffa road. The project includes the building of a road 600 km long between Nouakchott and Kiffa. It would pass through regions rich in animal and crop resources and inhabited by about three fourths of the country's population. The total cost of the project is estimated at about 35 million Kuwaiti dinars.

Third: The expansion of the port of Nouadhibou. This project includes expanding a network of canals in the port area, and supplying the port with some maritime equipment. This is in addition to offering technical aid to the agency administering it and preparing a feasibility study on setting up facilities for ship repair. The total cost of the project is estimated at 8.13 million Kuwaiti dinars.

Fourth: The al-Qalb iron project. The purpose of the project is to develop the al-Qalb iron mines near the present mines in the al-Zudaydat region so as to raise the total amount produced from 9 million tons a year to 12 or 14 million tons a year. The project includes developing the new mines, and building a plant for refining the iron ore, and certain elements of the infrastructure, including an electrical generating station. The total cost of the project is estimated at \$460 million.

Fifth: the Kiffa-Nema road project. The road will be about 490 km long. The portion of the road from Kiffa to Aioun will be about 214 km at a total cost of about \$88.7 million. The portion of the road from Aioun to Nema will be 276 km at a total cost estimated at \$88.4 million.

Sixth: The Senegal River basin project. This project aims at building two dams on the Senegal river, one of which will be in (Fantali) in Mali on the (Bafanq) River, one of the two main branches of the Senegal River, and the second will be in (Dayama) in Senegal. The purpose of the project is to control the water of the river and utilize it to irrigate the lands lying in its basin in Mali, Mauritania, and Senegal. The project also aims at exploiting the electrical energy that can be produced in the future at the (Fantali) dam, and which is estimated at about 200 megawatts. Other purposes of the project are to protect it from the damage caused by high floods, to stop the influx of salt sea water in the delta by means of the (Dayama) dam, and to facilitate navigation as far as the city of Kayes in Mali. The project's capital costs are estimated at about 216 million dinars.

Seventh: The project to provide well water to the villages and countryside. The project includes digging and making ready about 350 new wells, repairing and readying 14 existing wells, and furnishing them with hand pumps. It also includes building a headquarters for the project and other engineering

works, acquiring equipment and machinery and means of transport and communication, appointing a group of technicians to assist the Water Department in completing a portion of this project, and to assist in carrying out the necessary geophysical work. The capital costs of the project are estimated at about 4.7 million Kuwaiti dinars of which 3 million dinars will be in hard currency.

Technical Aid

Concerning the technical aid offered to Mauritania by Kuwait, the charge d'affaires, Sulayman al-Harbi, said that this aid is represented in the following:

First: Developing the mineral wealth. The purpose of this aid is to lay down a long range integrated plan that would serve as the basis of a policy for developing the mining sector in Mauritania and increasing its role in developing the national income. It also seeks to study the possibility of supporting the government's role in this sector and to investigate what opportunities are available for developing the industries and services connected to it. To this end Kuwait gave Mauritania technical aid of 175,000 dinars and the afore-mentioned study has been completed.

Second: Developing the fishery resource. The fisheries sector represents 6 percent of Mauritania's gross domestic product and there is great potential for increasing the yield of this sector with intensive utilization of the country's coasts. The current aid aims at financing the consultative services needed to prepare a study of the fisheries development project and to study its economic and technical feasibility. To this end Kuwait gave technical aid in the amount of 150,000 Kuwaiti dinars and the preparation of the afore-mentioned study has been completed.

Moreover, another study has been completed on setting up a comprehensive plan on developing sea fishing in Mauritania, and setting up a long term and medium term investment program in this sector. To this end Kuwait gave technical aid in the amount of 100,000 Kuwaiti dinars.

Third: The national Mauritanian development fund. Kuwait gave Mauritania 220,000 dinars as technical aid so that its returns might be used to augment the capabilities of the national development fund by employing non-Mauritanian experts in the fields of engineering, law, economics, and finance, as well as increasing the appropriate training for Mauritians working for the fund. The Arab Fund for Economic and Social Development in Kuwait is participating in that aid with a corresponding amount of 220,000 Kuwaiti dinars.

Kuwait Grants to Mauritania

Concerning Kuwait grants given to Mauritania, the charge d'affaires in our embassy in Nouakchott said that the grants could be summarized as follows:

--A grant valued at 2 million Kuwaiti dinars to finance about 580 homes for those of limited income in Nouakchott and Nouadhibou.

--A grant valued at \$3.675 million given by the state of Kuwait within the framework of the committee of Islamic solidarity with the peoples of the Sahel. This grant has been earmarked for financing a portion of the project to provide well water in the villages and countryside.

The charge d'affaires added: "Kuwait has built two hospitals, one in the capital Nouakchott, and the other in the Tagant region in the city of Tidjikja. They are the al-Sabah Hospital for thoracic diseases, and the Kuwait General Hospital, and these hospitals were completed in the middle of 1983."

He said: "At the same time Kuwait set aside 750,000 Kuwaiti dinars to fully equip the hospitals with the most modern medical tools and equipment possible, and to furnish them with doctors and skilled technicians."

Mr al-Harbi added: "The Kuwaiti government set aside 20,000 Kuwaiti dinars to participate in the eradication of cholera in Mauritania. Using some of this amount, it shipped drugs and anti-cholera sera by sea at Kuwait's expense as well, and they were presented to the Mauritanian Ministry of Health in Nouakchott.

"The Ministry of Health in Kuwait also agreed to receive Mauritanian patients with diseases that were difficult to treat for treatment in Kuwaiti hospitals. In fact, the first wave of patients has arrived, and they are receiving satisfactory treatment."

Culture and the Media

On the subject of media and cultural cooperation, the charge d'affaires at our embassy in Nouakchott confirmed that last year the Kuwaiti Ministry of Information had given as a gift two broadcast trucks equipped with all the necessary broadcast equipment to the Islamic Republic of Mauritania.

He added: "Since 1981 up to the present Kuwait radio has been supplying Mauritanian broadcasting with tapes and radio serials in the fields of religion, history, and the arts. Kuwaiti television has also been offering assistance in the form of tapes and television installations. Moreover, the Kuwaiti News Agency, KUNA, has presented six teletypes for sending and receiving, in addition to six other teletypes that were given as a gift at the beginning of 1982." The charge d'affaires said that the Mauritanian officials in the Mauritanian Ministry of Information consider the Kuwaiti serials presented to Mauritanian radio and television to be equivalent to a school for the Mauritanian listener and viewer.

Kuwaiti Alms Tax Treasury

Concerning the aid from the Kuwaiti alms tax treasury, Mr al-Harbi said: "Doubtless you know that the international missionary organizations have

changed their traditional methods to gain the trust of Muslims and thus to put an end to their religion, especially in the African continent, where these organizations have been active, thus taking advantage of the difficult circumstances and the famine that is sweeping the African world. In spite of that, most of the Islamic States did not deal with the issue in an ideal manner, so Kuwaiti Islamic organizations made up for the situation and its serious consequences, and they set out to perform the work that they had chosen for themselves. Therefore, the alms tax treasury finances several projects in the African continent, especially the states that had been hurt by the drought. Among them was Mauritania, which is passing through difficult times because of the scarcity of rain, the declining area of cultivated lands, poor crop productivity, and the death of the animals that the Mauritaniens depend upon for their livelihood. The most important of these projects--by way of example but not exhaustively--are the care of the handicapped, providing for orphans, and digging water wells." The charge d'affaires urged charitable people in Kuwait to offer help and assistance to their Muslim brothers in Mauritania.

12547/9190

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LEBANON

SYRIANS PLAN TO COOPT CHRISTIANS OUTSIDE EAST BEIRUT

Nicosia MEMO in English 26 Jul 86 p 10

[Text]

This pattern of thinking does not allow for the possibility of an agreement between Syria and President Gemayel and this outlook is maintained despite Gemayel's open plea to President Assad to act as an arbitrator of peace in Lebanon.

One aspect of the above scenario assumes that the Lebanese army, in desperation over the economic situation, would take control of Eastern Lebanon in hand, with implicit Syrian approval, and ask the President to resign. These projections have been inflated to the stature of half truths in the minds of the average Lebanese.

Plausible as these ideas might seem, there are other prospects as well. MEMO is reliably informed that high level Syrian authorities have developed a plan in case President Gemayel continues in office.

This undeclared plan is based on the idea that the economic and security conditions of Christians outside the present Christian enclave should be improved. These Christians, who are supposed to increase gradually in numbers, will press on public opinion in the Christian enclave to seek cooperation with Syria

In principle, the objectives of the Syrian plan include the following targets :

— Restoration of the Christians in

the mountain districts of Alley and Bhamdoun. Syrian protection would be offered to Christian refugees from these areas irrespective of the position taken by Syria's ally Walid Jumblatt.

- Return of Christian professionals to West Beirut. Realisation of this objective would partly restore the cosmopolitan character of this area, particularly if the American University of Beirut and its leading institutions, such as the hospital, are given full protection. Many doctors evicted by threats are finding their way back to their clinics and homes.
- Return of the Christians to the villages east of Sidon. These villagers had to flee their homes after the Druze-Christian mountain war in 1983. It is projected that Elie Hobeika, former head of the Lebanese Forces will take charge of this operation.
- Already prosperous communities in the Bekaa valley and the North of Lebanon will be given better chances to improve their conditions. These two areas have the equivalent of 30 per cent of the total population of the Christian enclave today estimated at 1.05 million.

To bolster confidence in their plan and necessary moves for its fulfilment

the Syrian leadership dealt gently with the Sunni Muslims of Beirut who were wary of Syrian hegemony. If the Sunnis could be tranquilised, so could the Christians. On the former issue the Syrians have been very successful. To judge success of the plan underway is yet too soon. One of Syria's first leaders, Mr. Hikmat Chehabi, has been entrusted with pacifying the Christians by example rather than brute force.

Utilisation of force has been ruled out for a number of reasons. Syria does not wish to risk Israeli intervention through the use of force. Moreover, important international forces have sought reassurances from Syria on this aspect. The Vatican and France, particularly the French President, ruled out the use of force over the Christian community backing President Gemayel.

It is possible that this approval by the Syrians, which requires time would be synchronised with President Gemayel's plan for the coming two years. A modus vivendi could be

worked out and the Maronite Patriarch is doing his best to bring about this result.

Patriarch Sfeir moved a month ago to the traditional summer residence of the Patriarchy. This location is near to the residence of former President Suleiman Franjeh, who has been the strongest Maronite critic of President Gemayel, and who is strongly affiliated with Syria.

The Patriarch has achieved some headway with Franjeh and the Syrian authorities. It is reported that he could visit Latakia, the summer residence of President Assad soon. On this visit, if it takes place, agreement over a solution for Lebanon would be declared.

Patriarch Sfeir is a cautious man who fears failing expectations most of all. For this reason, he has declared nothing fundamental so far and he will go to Latakia only if he knows there will be positive results. It is perhaps time to say that the travel itinerary of the Patriarch is today the most important political signal in Lebanon.

/9274

CSO: 4400/278

LEBANON

CURRENCY DEPRECIATION HERALDS UNPRECEDENTED POVERTY

Nicosia MEMO in English 26 Jul 86 pp 16-18

[Analysis by Dr Nasser Saidi]

[Text]

In terms of the data on Lebanon's inflation, the change in the exchange rate, money growth, the real exchange and foreign currency reserves of the central bank for the years 1974-1985, several features are noteworthy.

Since 1975, Lebanon has been experiencing double-digit inflation: price inflation has become persistent, although highly variable on a year-to-year basis. Further, since mid-1984, the inflation rate has sharply accelerated and is currently running over 75 percent per year.

The evidence does not support the widely-held opinion that the Lebanese pound exchange rate held up well during the war period. Since 1975, the Lebanese currency has been, on average, depreciating against the US dollar and most major currencies.

However, the depreciation has not been steady, and the exchange rate has displayed a high degree of volatility on a month-to-month and a day-to-day basis. Finally, in 1984 and 1985, the rate of exchange depreciation accelerated, and it appears that a collapse is in view. In the space of two years, foreign currencies have more than quadrupled in value against the Lebanese pound.

Money growth has, in tandem with

inflation and exchange depreciation, been at the two-digit level. However, money growth rates have tended to display less volatility than other variables.

The real exchange rate — measuring the relative cost of foreign goods and services in terms of the domestic cost of goods and services — was appreciating over the period 1976-1980 and again over 1981-1983. In other words, the price of foreign goods converted at the ruling exchange rate, tended to fall compared to the price of Lebanese goods.

Since 1983, there has been a very sharp depreciation: goods and services in Lebanon are now relatively cheap.

Foreign exchange reserves have shown highly variable growth. Over the period 1979 to 1984, reserves were falling (except in 1982), reflecting a policy of intervention by the central bank to support the value of the Lebanese pound on the foreign exchange market, and during 1983-1984, the financing of imports by the government, including large foreign military purchases.

Sources of inflation

What factors account for the increase in inflation rates over the war years and the recent acceleration of inflation?

It is clear that in the Lebanese case, inflation is primarily a monetary phenomenon. Briefly, three factors appear to play an important role in determining the evolution of inflation: money growth, lower real economic growth, and expected inflation.

First, following standard monetary theory, any increase in money supply growth that is not matched by an increase in money demand growth, will increase the inflation rate. In particular, holding money demand growth constant, an increase in money supply growth will tend to increase the inflation rate to the same extent. Thus, the average money growth rate of about 16 percent per year over 1975-1984 would have led to a similar value for the inflation rate, all other factors held constant.

In fact, the inflation rate averaged 17 percent. It is in this sense that inflation should be deemed a mainly monetary phenomenon. However, the relation between money and inflation is not necessarily tight and should not be expected to hold year in and year out.

The second important determinant of the inflation rate has been the decline in real output growth. Monetary theory suggests that a decline in real income growth would lead to a decline in the growth of the demand for money, and given money supply growth, to an increase in inflation.

Third, money demand is also affected by expectations of inflation. The higher the expected inflation rate, the greater the incentive for the public to lower their holdings of Lebanese pounds denominated currency and deposits and to seek assets that are a hedge against inflation. This means buying commodities and real estate, shifting into higher interest-bearing time deposits and of course foreign currency. However, as everybody attempts to lower their holdings of domestic money, the net result is a rise in the price level and the price of foreign currency.

In Lebanon, money growth has been driven by the financing of the government budget deficit, directly

through the central bank, and indirectly by the government-imposed policy that allows the commercial banks to hold a special category of Treasury bills which are interest-bearing — part of their required reserves and which increases the supply of base money.

As the government's current and expected future budget deficits rise, two things happen; the money supply increases which tends to raise the inflation rate, and expectations of future inflation increase since the public anticipates future increases in the money supply and this puts more upward pressure on the price level.

Under existing circumstances, with budget deficits growing in an explosive fashion, it is not surprising that expectations of inflation have risen and that the observed inflation rate has accelerated. Indeed, since the public knows — even if imperfectly — the current state of the government's finance and the explosion of the public debt which the government cannot repay, it understands that inflation and taxation through inflation is highly likely in the near future, and consequently, there is a rise in inflation today.

Exchange rate depreciation

The exchange rate is subject to the effects of the same factors that determine the domestic price level. In addition, since the exchange rate is the price of foreign currency in terms of the domestic currency, it is also determined by the evolution of foreign variables, such as money, income and interest rates. As the major price link between the Lebanese economy and the rest of the world, its movement is determined by the relative evolution of domestic economic variables compared with foreign economic variables.

The depreciation of the Lebanese pound on the foreign exchange market therefore is determined by relative movements in the money supply in Lebanon, evolution of real income and, potentially most important, by expectations of the future value of the exchange rate. Ex-

**Money, Inflation and the Exchange Rate,
1974-1985**

Year	(1) Price Inflation	(2) Exchange Rate	(3) Money Growth	(4) Real Exchange Rate (1974=100)	(5) Foreign Exchange Reserves Growth
1974	10.5	-11.4	10.1	100.0	99.6
1975	9.4	-1.1	20.6	98.3	-6.2
1976	25.4	22.1	28.2	100.1	8.1
1977	17.6	6.6	8.6	95.0	18.6
1978	9.7	-3.8	14.7	89.2	15.7
1979	21.3	9.3	15.5	85.9	-18.1
1980	21.3	5.8	10.1	80.3	3.6
1981	17.7	22.7	15.1	92.4	-4.6
1982	17.1	9.5	18.3	91.0	54.2
1983	6.9	-4.6	15.4	84.1	-31.5
1984	16.3	36.3	11.8	106.7	-104.1
1985	52.9	92.5	45.2	163.8	46.9

Notes: Cols. (1), (2), (3), (5) are growth rates (% per year) of the Consumer Price Index, LL/US\$ exchange rate, M1, and foreign exchange reserves.
Col (4) is the exchange rate divided by the ratio of the Lebanese CPI to the US general price level. A rise in the real exchange rate implies a depreciation.

change rate movements typically tend to be more volatile than price level movements. One reason is that expectations of future events which are likely to occur immediately reflect themselves on the foreign exchange market, but not necessarily in the goods market.

An example occurs in 1982 when the Lebanese pound appreciated in the last quarter against all currencies by more than 70 percent at an annual rate, despite the fact that most of the country was occupied and despite the accompanying destruction and drop in real income. The appreciation of the pound during the end of 1982 clearly reflected the market's anticipations at the time that the political developments occurring then would lead to political stability.

In turn, this would provide the background for an economic recovery in Lebanon, renewed investment, a return of economic growth and a reduction in the government's budget deficits. The appreciation reflected the anticipation and discounting of a future economic growth.

A related aspect is that the recovery was expected to occur in the near future. Typically, expectations of events that are likely to occur farther off in the future have a smaller im-

pact on the value of the exchange rate,

By contrast, the sudden and large appreciation of the Lebanese pound reflected the expectations that an upsurge of real economic growth was likely to be sustained. As it turned out, these expectations of recovery were not borne out, and subsequently the exchange rate depreciated.

Similarly, the large depreciation of the pound in 1985 and 1986 reflects a number of factors. Money growth had accelerated while real income was falling, and the central bank did not intervene massively on the foreign exchange market as it had done in 1984 in support of the pound. All these factors acted to depreciate the pound.

Further, an important role is played by expectations of future depreciation of the pound. It is clear to the general public that political stability and an end to warfare is not on the table, deficit finance is growing and it is unlikely that the government will be able to limit the growth of its financial obligations, let alone provide for any potential repayment of the public debt.

Hence, the expectation is that there is likely to be a large upsurge of inflation in the very near future and this provokes a flight away from

Lebanese pound denominated assets towards foreign currency. As the public attempts to lower its holdings of the Lebanese currency and deposits and switches its portfolio to foreign currency assets, the Lebanese pound depreciates on the foreign exchange market.

It may appear puzzling to most readers that no mention is made of foreign transfers and of the balance of payments in accounting for the depreciation of the pound. Indeed, the popular view is that reduced transfer payments from the rest of the world and the large trade and current account deficits are major determinants of exchange rate movements.

Hence, the view taken is that flows through the foreign exchange market are not important determinants of the value of the Lebanese pound except when trading is very thin. The exchange rate behaves in a manner similar to that of stock and equity prices: if everybody shares the view that the price of a particular share is overvalued, it takes only a small trading volume to bring the price down.

On the other hand, if sharply conflicting views are present among market participants, a large volume of trading may take place, but with little impact on the price. Similarly, if most participants in the foreign exchange market share the view that the Lebanese pound will depreciate, it takes only a small trading volume to lead to a large depreciation.

Finally, a few comments are in order concerning the relationship between the price level and the exchange rate. A popular notion is that exchange rate movements lead to or cause price level movements. An obvious example would be the price of imported goods whose prices are determined on world markets and where exchange rate changes translate into similar movements in domestic prices.

Hence the view is taken that the exchange rate and the domestic price level are jointly and similarly determined by the same set of forces, namely money and real income

growth and expectations of the future monetisation of government budget deficits. Prices of goods and services may for a number of reasons lag or lead exchange rate movements. However, the fundamental determinants are the same.

More problematic and potentially explosive at the social level is the fact that in the presence of a large and unexpected rise in the inflation rate, real wages and salaries will tend to fall because nominal wages and salaries are not immediately adjusted upwards for the increase in prices. This has already happened in the past year in Lebanon and is highly likely to occur again.

Following a decline in real wages because of a general fall in productivity, a fall in real wages because of unexpected inflation and the non-adjustment of nominal wages will lead to unprecedented poverty and social unrest in the Lebanon. Eventually, wages will have to be indexed to cost-of-living indicators.

Even if wages are adjusted, there will remain a transfer of wealth from creditors to debtors. Loans and debts will be repaid at a fraction of their initial real value, and the government will be a major beneficiary since the real value of its indebtedness will melt away by virtue of the inflation tax.

Concluding remarks

Lebanon now stands on the brink of widespread poverty, social unrest, rising inflation verging on hyperinflation and a rapid depreciation of the Lebanese pound on the foreign exchange market. Warfare has been responsible for the destruction or loss of the economy's productive capacity and for contributing along with fiscal mismanagement to monetary and financial disorder.

Even if political stability is restored and there is a return to normality in the private sector, the public sector will have to institute a radical fiscal reform to generate a substantial cut in government spending and increase in revenue. Absent fiscal re-

form, inflation induced by money-financed deficits will persist and the Lebanese pound will continue depreciating.

If Lebanon is to be rebuilt and return to a semblance of its prewar state, at least three conditions will have to be fulfilled:

1. A permanent political settlement ensuring the long-term stable backdrop for the operation of the legal and judicial system and the protection of property rights and individual safety.
2. A massive programme of foreign aid and investment to supplement domestic saving and satisfy the requirements of domestic investment.
3. A major fiscal reform that will include a reform of the system of taxation and a limit on the growth of government spending.

/9274

CSO: 4400/278

LEBANON

BRIEFS

BALANCE OF PAYMENTS--The overall deficit on the balance of payments reached \$407 million at the end of May, Banque du Liban (central bank) figures show. The deficit follows a \$381 million surplus at the end of 1985. The deficit comprises a \$583 million shortfall at the central bank and a \$176 million surplus at the commercial banks. Foreign currency reserves fell to \$492 million at the end of May, from \$1,074 million at the end of 1985. The balance of payments has traditionally been in surplus. The first significant deficits occurred in 1983 (\$933 million) and 1984 (\$1,353 million). These were mainly the result of large weapons purchases by the government. The present deficit reflects the increased burden placed on the central bank to pay for a whole range of imports. Central bank governor Edmond Naim has complained that the government is asking the bank to finance runaway public expenditure without doing anything about the state's withering revenue base. [Text] [London MEED in English 23 Aug 86 p 23] /9274

CSO: 4400/279

SAUDI ARABIA

ROLE OF PRIVATE SECTOR IN PROMOTING DEVELOPMENT REVIEWED

Riyadh AL-YAMAMAH in Arabic 2, 9, 16, 23 Jul 86

[Article: "An Economic Study Affirms the Stability of the Investment Climate!"]

[2 Jul 86 pp 42-44]

[Text] Discussion, dialogue and study toward creation of an appropriate formulation for the question AL-YAMAMAH has raised concerning the private sector's role in serving the goals of development continues. In the last issue, we presented future visions on this question. In this and coming issues, we will follow the answer to this question through the study the research and study section in the Riyadh Chamber of Commerce has prepared on this subject.

In the past 15 years the kingdom has witnessed great development activity; it is to be considered among the most conspicuous forms of development activity modern development history has known. The upsurge of all the kingdom's citizens and institutions alike has contributed to this. The fact is that the private sector's role has been effectively prominent in the development process only recently in the course of the 5-year development plans the government has been pursuing for about 15 years.

In spite of the major importance the various development plans have assigned to the private sector in leading the development process in the country, its actual scope of influence has been smaller than government efforts in various areas of economic activity.

That basically has been attributable not to the private sector's reluctance to assume its desired role but rather to the rise in the volume of government initiatives in the area of economic activities, out of a desire on its part to accelerate the development process on the one hand and encourage the private sector to enter into some productive activities through greater initiative and effectiveness on the other hand. In the past, this was reflected in the low relative importance of the private sector's share of total main assets of the domestic economy (that is, production and investment).

However, following up on the private sector's achievements in the recent period will point to the great development which has occurred in the private

sector's role, the expansion in its scope of influence and the diversification of its interests, activities and fields. It will also point to a start in the private sector's assumption of its role as sketched out in the demand for the planning process in the coming stage.

Before we embark on an analysis of the private sector's role, scope and substance, we must point out that rapid growth in the volume of private sector activities (specifically in the last 10 years) has been realized only as a result of the government's major reliance on the private sector in carrying out development projects and paving the way for it to assume this role permanently.

We will preface the study and analysis of the private sector's role by learning about the composition of the sector's structure and its sphere of influence. We will then analyze the most important of the private sector's roles which have stood out in building up the Saudi economy. These include four main ones, which are:

- A. Strengthening the elements of stability in the investment climate.
- B. Developing structural relations in the domestic economy.
- C. Increasing the capacity to diversify production.
- D. Expanding the productive capacities of the productive system.

As part of the private sector's roles, we will also deal with its effect in developing the performance of the chambers of commerce.

The article, after studying the current conditions of the private sector's role, will address itself to a view of the role's future. We will deal with this in an independent section under the title:

"Second: Role of the Private Sector in Light of the Future."

This will appear from two points:

- A. The private sector's challenges, in accordance with the strategy of the fourth development plan.
- B. The private sector's features, in the light of the indices of the fourth development plan.

First: The Private Sector's Structure and the Extent of Its Scope

The operating scope of private sector activity extends to different aspects of economic activity in building up the Saudi economy, since various aspects of economic or social activity in which the private sector does not have a role are rarely to be found. The composition of the private sector's structure extends to different productive aspects of work, trade activity and various services. Although the main emphasis of the various aspects of private sector activity is on productive fields, especially agriculture,

industry, transport and numerous productive services, the private sector's investments also extend to housing and utilities projects, public works projects such as roads and water and sewage systems, and most activities in the area of construction. One can point out that construction investments account for a large percentage of the total investments in any project, which at the same time makes their accomplishments an index of the private sector's achievements.

The different aspects of private sector activity also extend to education, health and social services.

The private sector plays a major role in the area of internal trade in responding to local housing needs, in addition to its major role in the area of services, such as storage, hotels and restaurants, and in the area of professions and crafts.

The private sector's role is not confined to domestic trade; rather, it transcends that to the realm of foreign trade, since the private sector in the import sector is given the function of meeting the kingdom's needs from abroad for foodstuffs and development requirements in the form of intermediate and productive goods. The private sector has started increasing efforts in the realm of industrial, agricultural and mineral exports with the development of production in these areas, as well as participating with the government in its recent petroleum industry and petrochemical product exports.

In terms of the private sector's share in the establishment of large-volume projects, it should be noted that most major projects previously were beyond the private sector's scope at their various stages of construction. However, the government's policy, based at the present time on encouraging the private sector to invest, through its participation with the public sector or the government sector's sale of its shares (in whole or in part) to the private sector, has made the private sector a major complement to most of the projects the government is carrying out.

Although individual organizations predominate in private sector organizations, especially in the area of trade and services, the sector contains a number of companies and corporations. It should also be noted that corporations are on the increase and the number of joint projects in this sector is also increasing.

For that reason, one can say that the private sector has assimilated all forms of projects, including individual ones, which are starting to be fewer in number, mixed projects with the government and different types of companies, including multinational companies and corporations, since the latter are considered companies which are starting to increase.

Second: The Private Sector's Prominent Roles in Building up the Saudi Economy

A. The private sector's role in strengthening the factors of stability in the investment climate and in raising the absorptive capacity of the domestic economy.

Before pointing to the role of the private sector in developing the investment climate for businessmen, it is necessary to point out that the kingdom in reality possesses a number of factors for stability in the investment climate. That may be attributed to a number of reasons, the most important of which can be summarized as follows:

The kingdom is considered one of the major financial powers in the world, in addition to its great economic role, due to its character as the biggest source of oil in the free world, and therefore it has come to enjoy status in the international community which permits it to spread confidence and trust among investors.

The stability of most of the residents' standard of living and their higher level relative to others in other countries, with a high per capita share of gross domestic product, in terms of the cash buying power available to individuals or the free services the government provides, which are embodied in the value of government investments in health, education and social care, increasing individuals' real incomes by an estimated roughly 30 percent of incomes.

The rise in buying power and the attendant rise in the level of demand and circulation in local markets creates an economic climate which encourages investment and expansion in the establishment of projects.

The kingdom enjoys a simple, flexible tax system, since there are no income taxes worth mentioning for non-Saudis. The kingdom also has a system for encouraging the investment of foreign capital which is exempt from income tax obligations during the initial period from the date of the start of operations, which can come to 10 years.

Job opportunities are available through the presence of local demand for many products from projects which investors like to enter into because of high local demand for them and the kingdom's reliance on the outer world in providing a large part of these products. That is clear from the rise in the value of imports with the expectation in the rise of demand because of the increase in the urbanization and development process and the anticipated increase in the population, which is estimated at about 3 percent per year in the case of Saudis.

The government has been able to control the rise in prices and place it within internationally accepted limits, guaranteeing investors the real value of their investments and savings.

The private sector has helped strengthen the factors for the stability of the investment climate through a rise in the absorptive capacity of the domestic economy.

The private sector's first steps in this direction have been its contribution to putting an end to the main obstacles to formation which face investments; these are equipment, facilities and support structures. The private sector has been the instrument which carried out the projects the government financed through the government budget. It is most easy to observe the

important role the private sector has played in these areas, since it has carried out public works projects such as roads and water and sewer systems. It has also participated as individuals and private companies in constructing and managing the first electric systems in the main cities and in constructing educational institutions at the start of the educational resurgence, in addition to private sector investments in housing and health projects.

In most of these areas, the private sector was either alone in these activities or complemented the direct contribution the government has made to the end of encouraging the private sector to invest.

The second of these steps which the private sector has followed in expanding the domestic economy's absorptive capacity has been to create suitable circumstances to push the movement of the process of economic activity forward and backward and strengthen mutual relations among different parts of the domestic economy. The private sector's enthusiastic rush toward agricultural and industrial activity has resulted in strengthening the process of integration between agriculture and industry on the one hand and among factories and installations on the other. The private sector's entry and enthusiastic rush into the industrial process has contributed to the realization of the benefits of technical and financial savings and expansion in the size of the market and consequently therefore the encouragement of investors to enter into various projects.

The SABIC company projects which have been established through the provision of assured, cheap resources, since they rely on the natural resources available in the kingdom and cheap power, have realized technical savings for the projects which rely on them to acquire raw materials or intermediate commodities, and projects which have been based and are based on SABIC's products have represented a good market for SABIC's projects and encouragement for the expansion of the basic industries' productive capacities.

The most important private sector steps in expanding the domestic economy's absorptive capacity also consist of enabling the government to carry out its policy in controlling inflation and prices. The private sector has been the basic foundation on which the government has relied in competently providing goods and services to markets, since the private sector controls foreign and domestic trade agencies. This has enabled domestic and foreign investors to preserve their investments and they have increased them and turned toward the establishment of projects without fearing that the real value of their assets in them will drop.

The private sector's role has not been restricted to direct participation in strengthening the factors for stability in the investment climate; rather, it has gone beyond that to indirect effects, in encouraging non-citizens to venture to participate with citizens in investing their money. It is well known that citizens' participation is necessary from the psychological standpoint in order to spread about non-citizens' spirit of confidence over their money and it gains a dual benefit in attracting investments from abroad, first of all attracting capital and more important than that attracting technical expertise and also learning about foreign markets, which is

important in the kingdom's coming stage, which will concentrate on finding outlets for domestic production internally and abroad.

There is no doubt that the most important step by which the private sector has helped strengthen the factors for stability in the investment climate is to create a suitable climate for the investor (whether local or foreign) to adopt investment decisions without fear of inflation, a deficiency in suitable financing sources or the absence of a factor of production or markets.

[9 Jul 86 pp 44-47]

[Text] AL-YAMAMAH presented future conceptions and features of the private sector's role in the plan in the past issue. In this issue, we will continue the analysis of the role of economic activities in the private sector within the plan as it appeared in the study the Riyadh Chamber of Commerce research department prepared.

B. The private sector's role in developing structural relations in the domestic economy:

What is meant by structural relations is the relationship among the sectors and activities making up the domestic economy. It should be noted that one of the most important roles the private sector has played in Saudi development is the development of these relations in the structure of the Saudi economy. The progress the private sector has realized in this area is apparent from the following economic indicators:

1. Development of the private sector's growth rates in comparison with the government sector.
2. Development of the private sector's contribution to gross domestic product.
3. Development of the private sector's share in gross domestic investments.
4. Increase in the non-petroleum private sector's share in the total workforce.

Herewith we deal with the development of these indices, which have influenced the form of the structural composition of the economic sectors:

1. Development of the private sector's growth rates in comparison with the government sector:

Economic indices show that there has been an acceleration in the private sector's growth rates in comparison with other sectors, especially the government sector, which had monopolized the large growth rates in the previous period. What cannot be doubted is that these rates reflect government policy, which in the past 10 years has been founded for the most part on the private sector's execution of development projects. While the real growth rate of the private sector ranged from 12.7 percent in 1979-1980 to a minimum of 7.7 percent in 1982-83, real growth rates in the government sector

declined and negative growth rates were realized in the years 1982-83 and 1983-84. This negative result in government sector rates must be taken as belonging within the scope of positive indices, because the plan had this as its goal, since the government's development policy is based on the premise of supporting and developing the private sector's role at the expense of the government sector, which has exhausted its direct role so that it may restrict itself to an indirect role in productive areas by encouraging the private sector in accordance with three basic points of emphasis which to a large extent have constituted a model for the growth of the private sector. These points of emphasis are:

A commitment to allocating capital resources to the construction of comprehensive basic facilities. The great magnitude of capital expenditures has led to a constant increase in demand for goods and services which the private sector has been able to participate with foreign companies in providing.

A government commitment to an economic policy, based on an open market where the private sector will pursue its activity, which has realized a balance between the interests of the consumer and the interests of the private sector in obtaining profits.

A government commitment to the policy of diversifying income sources by diversifying and developing the local productive sectors. These are considered among the most important areas of private sector activity.

These policies combined have helped the provision of a work atmosphere which has attracted Saudi and foreign companies alike and the enthusiastic rush of private sector organizations to invest in various aspects of new activity and therefore consequently to raise growth rates and shift them in favor of the private sector and its development of its activity in commercial and industrial areas in a manner characterized by organization, force and intensity of effect. This has ultimately had its effect in the realization of a perceptible transformation in the structure of the economy during a short period of time.

Herewith is a table showing the real rates of growth of the public and private sectors in the non-petroleum areas.

Table One: Real Growth Rates of the Main Non-Petroleum Sectors

	1979-80	1980-81	1981-82	1982-83	1983-84
Non-oil gross domestic product	11.8	12.5	11.2	7.0	5.0
Government	10.1	13.2	8.1	-1.2	-1.4
Private sector	12.7	10.2	12.8	11.0	7.7

Table Two: Gross Domestic Product by Sectors

	(The First Plan)					(The Second Plan)					(The Third Plan)				
	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84					
In current prices															
Gross domestic product	139,224	163,893	203,942	223,818	247,622	383,589	517,994	522,176	411,797	377,797					
1. The Oil sector	111,101	116,570	136,248	133,935	140,384	252,705	360,741	337,884	206,360	163,928					
2. The Non-oil sector	28,123	47,323	67,694	89,332	107,238	130,884	157,253	184,292	205,427	214,040					
A. The Private Sector	18,252	28,382	40,219	50,884	61,335	74,559	88,520	102,874	117,445	127,357					
B. The Government Sector	9,871	18,941	27,475	38,999	45,903	56,325	68,733	81,418	87,992	86,683					
In Fixed 1969-70 Prices															
Gross Domestic Product	31,539	34,250	39,318	41,765	44,521	49,053	52,971	53,886	48,030	48,473					
1. The Oil Sector	18,903	19,112	21,626	21,513	21,999	23,869	24,653	22,383	14,309	13,068					
2. The Non-Oil Sector	12,636	15,138	17,692	20,252	22,522	35,184	28,318	31,503	33,721	35,405					
A. The Private Sector	8,439	9,938	11,819	13,588	14,979	16,876	18,864	21,280	23,619	25,443					
B. The Government Sector	4,197	5,200	5,872	6,664	7,543	8,308	9,454	10,222	10,102	9,962					

Source: The Annual Report of the Saudi Arabian Monetary Authority, 1984

2. Development of the private sector's contribution to gross domestic product:

The value of gross domestic non-petroleum private sector product rose from 74.6 billion riyals in 1979-80 to 123.4 billion riyals at the end of the third plan, 1984-85. This increase was reflected in the increase in the ratio of the private sector's contribution to domestic non-petroleum product or total domestic product as a whole to the government sector's contribution.

While the private sector's contribution to gross domestic product in the kingdom's first development plan did not exceed 26.8 percent (in fixed 1969-70 prices), whereas this contribution in the second development plan ranged from 32.5 percent in 1977-78 to 34.5 percent in 1979-80, the ratio of the private sector contribution to gross domestic product in fixed prices increased during the third plan, from 35.6 percent in 1980-81 to 52.4 percent in 1983-84.

This indicates the obvious role the private sector has played in developing the structural composition of gross domestic product, in that the pioneering role has been granted to the private sector in forming domestic product on the one hand and on the other reducing reliance of domestic product on oil, whose contribution in 1983-84 came to a ratio of about 27 percent, which is a much lower ratio than the private sector's contribution. The ratio of the government's contribution in 1983-84 did not exceed 21 percent.

This is also clear in the table showing the development of the private sector's percentage share of domestic product compared with other sectors, especially the government and oil sectors. The table following that shows the development of the magnitude of the private sector's domestic product in current and fixed prices.

See Table Two.

3. Development of the private sector's share of gross domestic investments:

The perceptible development which has occurred in the private sector's initiative toward investment stresses the pioneering role the private sector embodies in the process of economic development in the kingdom. It is true that the credit for that can be ascribed to the incentives the government has offered to support this sector and encourage it to invest in all areas, with emphasis on the areas suited for income diversification, but the ultimate yield of these incentives will not bear fruit unless acceptance and readiness exist on the part of businessmen in the private sector. It is thanks to this readiness that the increase has been absorbed in private sector investments and that a drop has occurred in government investment in important fashion.

Meanwhile, a rising trend in the non-petroleum private sector's share of total investments, from 25.3 percent in 1978-79 to 27 percent in 1980-01, then 35 percent in 1983-84 and 1984-85, can be observed. Conversely, a drop is to be noted in the government's share of total domestic economy

investments, from about 64 percent in 1978-79 to about 63 percent in 1980-81 then to about 51 percent in 1983-84. These indices show a shift in investment spending in favor of the private sector and indicate the private sector's current pioneering and anticipated roles in building up the domestic economy, since current investments and their form and composition at the current time are only a picture of dimensions and predict what economic conditions might be in the future. They also clearly refer to the prominent role the private sector might play in reducing the non-petroleum economy's reliance on demand generated by government spending.

4. Expansion of the private sector's productive base through expansion of its share in the total workforce:

One of the most important structural changes the domestic economy has witnessed has been the increase in the private sector's share of manpower at the expense of the drop in the government's share. Figures point to an increase in the private sector's share from 85.3 percent of the total workforce in 1979-80 to 88 percent of it in 1984-85.

Meanwhile, the relative importance of labor employed in the government sector declined during the same period from 13.2 percent to 10.5 percent. Although the private sector absorbed roughly the same percentage as the decline in the government workforce, this is to be considered a healthy index the private sector has contributed to, because a shift in the workforce from the government to the private sector means its shift from service areas to productive areas which help in the diversification of income sources.

Part of the indication that the increase in private sector manpower has been moderate and positive in expanding the private sector's productive base is that the annual growth rate in it, 8.7 percent, has been within the neighborhood of the annual growth rates of gross domestic product in the main areas of private sector activity, especially agriculture, industry, electricity and utilities: the annual growth rate (in accordance with 1979-80 prices) was 8.7 percent in agriculture, 14.1 percent in the processing industry and 24 percent in utilities, and came to 8.8 percent in the area of trade, 13 percent in financial services and about 8 percent in non-financial services (non-governmental).

Aba Al-Khayl: Development Aid Is a Unique Phenomenon!

His excellency the minister of finance and national economy, Mr Muhammad Aba al-Khayl, asserted that the Saudi programs of aid to African countries have concentrated on the area located south of the Sahara, since the kingdom is one of the first countries to have hastened to confront the problem of drought in the African continent, increase assistance in the form of water and food to the areas affected by drought and participate in remedying the problem of refugees.

In a statement during the convening of meetings of the 10th session of the council of OPEC international development fund governors, his excellency said:

"The OPEC countries' entry into the arena of development aid represents a unique phenomenon in the history of development cooperation. They are not

doing this on behalf of the old colonies, to protect strategic positions in the world or to preserve their industrial products' markets. Rather, the reasons for providing this aid arise from their civilized culture and religious beliefs, which prompt them to give special importance to the principle of solidarity and cooperation, which are among the basic principles on which our societies are founded." His excellency also said, "The establishment of the OPEC fund in 1976 came as a result of the firmly-rooted conviction on the part of OPEC countries in the need for cooperation and solidarity with the developing countries. The fund has now come to have a capital base worth about \$3.5 billion. To that, one should add that some OPEC countries are offering their own aid through their own domestic institutions, such as the Saudi Development Fund, the Kuwaiti fund, the Venezuelan fund and other funds, whose financial base, in toto, has come to \$20 billion."

His excellency added,

"The increasing effect of OPEC aid can be observed through the OPEC development organizations' participation with the World Bank and the International Development Organization in financing development projects and also through the support the OPEC countries have offered to various new facilities arising from the International Monetary Fund, which have enabled the fund to respond to member countries' problems in a more effective way. The OPEC countries have also exerted every possible effort to guarantee that the International Fund for Agricultural Development performs the goal of assuming agricultural development in the developing countries and also establishing the joint fund for commodities which it is anticipated will be established."

His excellency said,

"These initiatives on the OPEC countries' part have added a new meaning and additional motive force to the notion of development aid, since the approach of solidarity the OPEC countries have pursued has created greater understanding in the circles of the international community giving this aid and has made the industrial countries become more aware of the need to deal with the problems facing developing countries. This initiative has also worked to encourage international development institutions to expand their current lending programs and create new channels to facilitate the shift of available resources to developing countries in a more effective manner." His excellency also said, "One of the most important characteristics of OPEC aid is that the source of the aid these countries offer is the revenues from their oil exports. These revenues are not income in the traditional sense; rather, they are the use of their capital, and this is aid which has included the financing of projects to develop sources of energy in the developing countries. In addition, the element of facilities in this aid has been extremely high, since grants represent a large proportion of them, coming in the period 1973-83 to about 60 percent of the OPEC countries' total official development aid commitments."

His excellency said, "The OPEC countries' official development aid exceeded 2 percent of these countries' total gross national product in the period 1973-76 and in 1978 and the rate of official OPEC development aid to gross national product came to a record figure, amounting to about 3 percent, in

1975. The overall average in the period 1973-83 came to about 3 percent [sic], that is, the equivalent of three times the rate the United Nations has specified (seven-tenths of a percent, 0.7 percent). The ratio of official development aid to the gross national product of Qatar, the Kingdom of Saudi Arabia, the United Arab Emirates and Kuwait in 1973 was 15.5, 14.6, 14.6, 13.5 and 8.1 percent, respectively.

"The Saudi aid programs have concentrated on the African countries located south of the Sahara, since the kingdom has been one of the first countries to hasten to confront the problem of drought in the African continent, increase aid in the form of water and food to the drought-affected areas and participate in dealing with the problem of the refugees."

The Saudi delegation accompanying his excellency to these meetings also includes His Excellency Mr Muhammad Suqayr, vice chairman and appointed member of the Saudi Development Fund, Mr Yusuf al-Matbaqani, the Kingdom of Saudi Arabia's ambassador to Guinea, Mr Usamah Faqih, the deputy minister of finance and national economy for international development cooperation and chairman of the board of the OPEC Fund for International Development and a number of officials in the ministry.

[16 Jul 86 pp 44-46]

[Text] This part of the study whose sections AL-YAMAMAH is continuing to publish addresses itself to the increased ability to distribute production, the private sector's role in expanding the productive system in the other areas of the economy and the effect of the growth of the private sector's development on the performance level of the chambers of industrial commerce in the kingdom.

The private sector has had a major role in realizing the goal of diversifying the country's economic base. The private sector's enthusiastic rush to increase investment in various areas, thanks to large financial support from the government, has helped create basic change in the role of the sectors of agriculture and industry in the domestic economy.

Concentration on these sectors by means of the private sector has been reflected in a rise of growth rates in activities which can diversify production and income sources. The growth rates in the non-petroleum economy sectors have come to reflect the targeted priorities in the formation of the economic structure.

For this reason, industry, agriculture and financial services, in which a high rate of growth has been realized, stand at the forefront in terms of the rise in business growth rates. The growth rates have been 8.7 percent in agriculture, 14.1 percent in industry and 24 percent in utilities (in fixed 1980 prices).

In spite of the gradual contraction in growth rates in the building and construction sector, this index is no longer negative because this is one of the sectors that have not been targeted with respect to increased investments in them, since most of the required government installations have been completed.

The private sector has also continued its support role in the realm of wholesale and retail trade, storage, hotels and restaurants in spite of the slowdown in real growth rates in the trade sector and these sectors in 1983-84 and 1984-85 in comparison with preceding years. This slowdown expresses this sector's firm connection with construction and contracting activity and it witnessed a targeted decline resulting from conclusion of the major share of installations.

The private sector's role in expanding the productive system:

The private sector has a large role in expanding the productive sectors of activities in the domestic economy. Although one cannot absolutely separate the ability to expand productive capacity by increasing productive projects and productive installations in various activities from the diversification of production and income sources and the economic base in general, we can underline how businessmen and citizens have hastened to invest their money in various aspects of agricultural, industrial and commercial activities and contracting activities, to the point where the kingdom has prospered under organizations and projects which have raised its productive capacities and strengthened the government's productive system.

In the realm of industry, the number of industrial permits by the end of 1983 had increased to about 2,932 as compared with 207 in 1970, a 14-fold increase in this period. These projects' permitted capital also increased from about 2.3 billion riyals in 1970 to about 121.7 billion riyals at the end of 1983 -- a rate of increase of about 53 times during this period.

With respect to agriculture, farmers increased their cultivated land from an area of no more than 150,000 hectares in 1975 to more than 2.3 million hectares in 1984. The number of cooking chicken projects evolved from 169 in 1981 to 247 in 1984, while the number of egg-producing projects increased from 136 to 177 in the same period.

Hundreds of small and intermediate agricultural projects came into being in the various sectors in which citizens participated, and the citizens' contributions, from the establishment of small projects to major corporations where the capital of a single company ranges from 300 to 500 million riyals, proliferated.

The number of projects engaged in producing vegetables in greenhouses came to 24 and projects engaged in producing dairy products came to 23 by the end of 1983, apart from sheep and veal fattening projects, which came to 28 at the same date.

All these agricultural projects were reflected in a rise in the growth rate of the agricultural sector's domestic product to 12 percent in 1983, as compared with 10 percent in 1982.

Meanwhile, commercial and hotel activity prospered. The number of facilities registered in the wholesale and retail commerce, storage and restaurant gazettes came to about 220,000. Those facilities classified as companies came to 5,645 with a total capital of about 58.9 billion riyals, of which 49 were

corporations with a capital of about 40.8 billion riyals, apart from 3,000 companies of limited liability with a capital equal to about 15 billion riyals.

Hotel activity involved 233 operating hotels by the end of 1983, in addition to 87 hotels under construction.

Contractors established 3,169 large and small companies, of which the number that was classified came to 1,503 as of the end of 1984.

The 11 commercial banks expanded the establishment of branches to spread their service networks. The number of branches in all areas of the kingdom came to 524, and the number of branches in the past 3 years increased by double, to provide broader services for the citizens.

The private sector also proceeded to establish offices of liberal professions. Offices for these which have been given permits came to 931 by the end of 1983, including various consulting, architectural, civil, electric, petroleum and chemical engineering professions, legal consultation, offices of accountants and legal auditors, agricultural engineering professions and so forth.

The private sector has welcomed foreign investors as sought-after partners in activities which have been given permits with unparalleled benefits in accordance with the foreign capital statute. The number of factories established in accordance with the foreign statute came to 346, and the ratio of foreign participation in these came to about 47 percent at the end of 1983.

The effect of private sector development on the performance level of the chambers of commerce and industry in the kingdom:

The great development in the private sector's role, the growth of commercial, industrial and agricultural activity and the other areas of the domestic economy and the rise in the volume of commercial establishments and organizations active in the kingdom have of necessity influenced the performance of the chambers of commerce in the kingdom. The performance of the chambers of commerce and industry has evolved in terms of their organization and the improvement in the level of their services to the people belonging to them, in articulating the commercial and industrial community's causes and in building bridges of cooperation between local and international businessmen.

In the past 10 years the chambers of commerce have experienced great development in their abilities to attract a large number of installations operating in the kingdom as a result of the development of their services.

Recent years have also witnessed a perceptible increase in the role of the chambers of commerce in the area of international activity, since the chambers have witnessed great activity in the exchange of visits of delegations between themselves and the other countries.

Out of awareness of the importance of the chambers' role in supporting and backing the private sector, the Ministry of Commerce has been concerned to

set out rules regulating the chambers' activity by issuing the new statute on chambers of commerce and industry on 13 March 1980 and its executive bill on 24 March 1981.

Since the kingdom is distinguished by vast spaces and the extensive deployment of its towns, inhabitants and institutions over these spaces, the number of chambers of commerce and industry in the kingdom has increased in order that their services may be brought close to all areas easily and smoothly. Their total number came to 18 in 1985. These chambers also all have a single board, which is the board of Saudi chambers of commerce and industry.

The stages of development of activity in all chambers vary as their dates of establishment, their number of members and the local requirements arising from the needs of the commercial and industrial community in which they are present vary.

In this regard, it is worth pointing to one of the important instruments which have emerged from the activities of the chambers of commerce and industry in promoting activity in the private sector and outlining its goals and aspirations. This instrument is the conference of Saudi businessmen which is held periodically every 2 years and is given special attention by officials at the highest levels in the kingdom, since the first two conferences of Saudi businessmen were held under the aegis of His Majesty King Fahd 'Abd-al-'Aziz and a large number of ministers and senior officials in the government take part in the conference's sessions.

It is worth pointing out that the second conference of Saudi businessmen was held in the period 26-28 March 1985. The conference produced successful recommendations under the title "For the sake of better private sector participation in development."

It is to be hoped that the role of the chambers of commerce in supporting and continuing the private sector's progress toward development will increase.

The chambers have their basic role in helping the private business sector grasp the goals the government sketches out in the economic and social development plans and grasp the economic changes which occur in local and international economic conditions.

The chambers' role may be summarized as supporting ways for increasing the effectiveness of the private business sector's role as follows:

Preserving existing productive capacities by developing the role of maintenance in the coming stage.

Vertically expanding private sector activities by eliminating obstacles in businessmen's way.

Horizontally expanding by incorporating new aspects of private sector activities.

Devoting attention to encouraging ways of marketing domestic products.

Realizing the principle of participating in development by striving to increase Saudi citizens' awareness of the general goals of development.

Realizing the principle of participating in social welfare by supporting balanced development resources in all areas of the kingdom.

Increasing attention to the investment opportunities present in the productive sectors.

[23 Jul 86 pp 42-44]

[Text] In the previous installments, we here in AL-YAMAMAH reviewed the private sector's role in development in the kingdom in the course of three stages -- the period of the previous development plans and the current fourth plan, and prospects for the future.

In this installment, it will be possible to summarize the prominent trends in the new priorities of fourth development plan strategy as follows:

1. Adding new rules which will devote attention to the particular features of the domestic economy, in order to guarantee the proper use of resources and proper choice of projects, and thence the extent of savings the projects will realize in using critical resources (such as water), in addition to criteria some previous development plans have followed, such as the use of a smaller amount of manpower and the pursuit of technology and modern production techniques which use a smaller amount of manpower.

2. Concentrating in the coming stage on the qualitative development of utilities, equipment and social capital facilities by improving and developing the achievements of the previous development plans without horizontal expansion in investments made in infrastructures.

3. Preserving fixed domestic capital in the form of facilities, equipment, public utilities and so forth by concentrating on maintenance programs.

4. Increasing economic efficiency by having economic considerations prevail in all areas.

5. Guiding the government system's operating method by:

Offering government services and utilities on economic bases.

Improving administrative organization, government procedures, methods, policies and systems in a manner which will enable the private sector to operate with greater freedom and flexibility.

6. Working on the basis of the principle of balance in the budget while setting the level of government civil expenditures at the level of revenues and authorizing levels of sector and project spending in accordance with the priorities of the stage which that involves.

7. Supporting the orientation toward private investment in medium and relatively large projects by concentrating on directing investment in the form of companies or projects using advanced technology, which are conditions it is difficult to meet in small projects.

8. Turning toward the creation of a money market by encouraging the establishment of corporations.

9. Supporting the tendency to create a greater role for commercial banks and encouraging them to increase facilities for productive projects and not confine themselves to import trade.

10. Consolidating the process of economic activity by encouraging the orientation to establish social installations (such as philanthropic organizations) for founding economic projects.

The challenges to the private sector through the strategy of the fourth development plan:

By a simple comparison between the orientations on which the strategy of the fourth development plan has concentrated and actual conditions that activities of the private sector have pursued in the previous period, one can deduce the most conspicuous responsibilities the fourth plan is assigning to the private sector, which at the same time embody the challenges the private sector must overcome.

One can concentrate the most conspicuous of these responsibilities as follows:

1. Strengthening the circumstances of the activity responsible for diversifying the economic base:

The strategy of the fourth development plan lays emphasis on maintaining the goal of speed in diversifying the economic base by concentrating on industry under the leadership of the private sector. This assertion entails the development of some circumstances which have occurred in conjunction with the goal of diversifying the economic base due to the results yielded up by the execution of previous development plans. These were embodied in the petroleum sector's dominance of the components of gross domestic product in the kingdom and minor participation by the sector of industry and other non-petroleum sectors, in spite of the efforts exerted toward diversifying the structure of the domestic economy.

2. Modifying the course of trends in production volumes:

The fourth development plan strategy has concentrated on the need to modify the course of trends in industrial production volumes in the direction of medium and relatively large scale projects rather than small ones. The strategy has stipulated "the need to encourage the establishment of more corporations with the goal of investing in large projects for which better economic attributes exist," since, in spite of the rapid growth the periods of the sixties, seventies and the early part of this decade witnessed in the

number of industrial organizations in the kingdom, and the tendency of the ratio of the growth rate of industrial investments to rise during this period, the size of private investments has been distinguished by small scale. The growth in the volume of relatively small projects has been in keeping with the pattern of individual rather than collective investments. Since the fourth development plan strategy calls for investment in intermediate and large projects in which economic components are available, it thus calls for entry into the stage of large production. It also points out that industry trends in the future will pass beyond the stage of small-size individual projects and that the need in the future period will be for relatively large and medium size companies. These are tendencies which were not conspicuously evident in the private non-petroleum industrial sector in the previous period.

3. The shift in financing from individual to collective funds:

Fourth development plan strategy focusses on the need to shift from relying on financing projects from the funds of miscellaneous individuals to collective funds organized through the establishment of the appropriate money market. The strategy in the coming stage is aimed at encouraging the establishment of suitable money markets which will enable businessmen to carry out large projects and assume the burdens of industrial development by obtaining sufficient capital. The strategy stipulates the need "to create a system which the government will supervise for transactions in shares in companies and encouragement of investments and to eliminate the dangers of financial speculation." It also stipulates "the encouragement of the establishment of more corporations and realization of the use of the greatest number of citizens who are eager for investment operations."

This recommendation entails the modification of some approaches to financing which prevailed in the previous period and at the same time is in keeping with the concentration on medium- and large-scale projects which the strategy advocates.

It is worth referring to the interrelationship between increases in projects and the possibilities for success in establishing a securities market. The development stages' entry into the establishment of companies and projects will accelerate the chances for markets to appear and succeed. The establishment and development of the market will also in turn help the promotion of projects in the form of medium- and large-scale corporations and the promotion of the development process in general.

4. Development of trends in the current pattern of businessmen's investments:

Fourth development plan strategy has concentrated on the need to create and provide industrial investment opportunities. The obvious goal in this is the desire to divert the course of the current pattern of businessmen's investments from trade, construction and real estate to other investment opportunities by setting out new investment opportunities and making feasibility studies of projects in various productive sectors, while periodically acquainting investors with the results of studies the bodies concerned carry out and lists of economic feasibility studies of projects in various areas.

5. The responsibility of private sector participation in the qualitative development of the facilities of utilities:

It is well known that the building and construction sector has expanded in noteworthy fashion and made great strides in carrying out work in past years. It is expected that this will lead to a limitation on new investments in the area of basic facilities and equipment, except for what is required for completion, replacement and renovation activities. That will lead to a concentration in the volume of government investments in this area and will also lead to attention to the qualitative development of equipment and facilities.

Giving predominance to economic considerations in most areas of government service, in various utilities or major facilities, and the government's readiness to relinquish the management and operation of utilities to the private sector by which fourth development plan strategy has been characterized will pave the way for the private sector to take part in the qualitative development of equipment and facilities and is to be considered a new responsibility assigned to the business sector at the present time.

6. The orientation toward maintenance as a major emerging activity:

The anticipation that maintenance activities will emerge as a major nascent activity in the private sector arises from the great priority the fourth development plan has assigned to maintenance and repair activities. That requires preparedness and the exertion of concentrated efforts on the part of the private sector so that it may carry out this task in response to the appeal the strategy has directed to the private sector to operate and maintain basic equipment and facilities on a basis of competence and scientific management.

7. Anticipation of a greater role for the private sector in the area of project financing and savings accumulation:

It is anticipated that the private sector will play a positive role in financing development projects. Although specialized government fund money filled a large gap in the financing of development projects in the previous period, the great requirements of development and the desire to diversify the economic base cause these requirements' needs to exceed the resources these funds can provide.

The fourth development plan strategy entails features which suggest that it has absorbed future development financing requirements, and this has prompted it to appeal to commercial banks to amend some of their financing tendencies and work system in favor of economic development. It was stated in the strategy that the coming stage is aimed at "urging commercial banks to increase their facilities for productive projects rather than concentrating them on import trade."

That is what prompts the commercial banks to follow more realistic ways of facilitating long-term financing activities, especially in the case of projects of great importance.

The plan's future reliance on the private sector for direct financing of the bulk of development projects will also require a study of means by which it will be possible to mobilize private sector funds while reducing risks to people providing financing. There is no doubt that the commercial banks' pursuit of underwriting or subscriptions in establishing projects will promote confidence among individuals concerning the seriousness of the projects that have been set out and will encourage them to participate in them and finance them.

The commercial banks are only one of the subsidiary components of the private sector.

8. Development of ways of searching for investment opportunities:

The future stage will demand a private sector review of the methods it relied on in the previous period for choosing investment opportunities and projects. It was not necessary in previous periods that accurate economic feasibility studies be available to businessmen to identify desirable projects. Since the market still was in its initial stages and the areas and activities still were nascent ones, that helped make them content with guiding themselves by personal expertise, the pattern of government spending and the high profit rates which high growth rates in the previous periods guaranteed.

In the future, however, identifying profitable projects will be more difficult and complex than before and will require more effective methods if investments are to become assured and more feasible. This requires the development of ways of choosing investment opportunities and projects on the part of the private sector.

9. Public sector participation in manpower development:

Fourth development [plan] strategy is focussed on the development of Saudi manpower and the reduction of foreign manpower. The need to increase the Saudi workforce and raise its level of skills by concentrating on education and training, while striving to realize flexibility in order to move workers among the various sectors and have the private sector compete, arises from this.

Comment:

The study has reviewed many achievements which have been realized by means of figures and comparisons of aspects of differences in past stages and our sense of the future view of the economic activity the private sector can play directly. We are confident that it will exert its effect to the extent that it has set forth broad views. We are aware that it is an important part of the contribution to the enrichment of economic life through views and ideas which will be realized only through perseverance.

SYRIA

BRIEFS

SPAIN WITHDRAWS CREDIT COVER--Spain's export credit agency, CESCE, is withholding cover for fresh loans because of delays in meeting letter of credit (LC) obligations. Talks are going ahead about a one-year moratorium on the outstanding amount, but Madrid is insisting that the Commercial Bank of Syria makes certain down payments. Because of the payments problem, a \$13 million credit signed in February to finance the purchase of Spanish-made tractor parts has yet to come into force. The loan was to be provided to Al-Frat Company, which assembles tractors at its Aleppo works in joint venture with Spain's Motor Iberica. It has been arranged by Banco Arabe Espanol (Aresbank). The Madrid-based bank arranged two similar credits disbursed in 1984-85 (MEED 8:6:85). Syria is facing a severe shortage of foreign exchange, and industrial ventures--like Al-Frat--are having difficulty importing spare parts and raw materials needed to maintain production. [Text] [London MEED in English 23 Aug 86 p 28] /9274

CSO: 4400/279

AFGHANISTAN

EFFORTS UNDERWAY TO ERADICATE ILLITERACY

Kabul ANIS in Dari 19 Jul 86 pp 1-2

[Text] The Seventh District Council of the National Fatherland Front [NFF] of Kabul City has 53 housing councils with a total membership of 18,999. As regards the activities of these councils, the head of the seventh district of the NFF of Kabul went on to say: As of the beginning of the current year 250 various campaign and publicity leaflets plus 50 copies of the USSR's Mid-Asian Muslims' magazines have been distributed among the people. Similarly, some stationary and mobile members of the said council who number 72 were divided into 10 groups and were dispatched to various villages and hamlets according to separate plans in order to explain the humanitarian goals of the revolutionary party and the government and those of the NFF.

He further added: In honor of the fifth anniversary of the NFF, during the first quarter of the current year, in various areas which fall under the jurisdiction of this council, 18 volunteer work-teams were organized in conjunction with other members of the NFF to help clean up the streets, alleys, plant trees in various sections of the city, carry out road repairs or dig and dredge waterways, particularly those of the two villages of Mosalam and Sar-Asyab which had been neglected for seven years. Likewise, proper cleaning of several mosques were carried out accordingly.

For the purpose of eliminating illiteracy, the said district council provided proper facilities for 492 individuals to participate in literacy courses, particularly family literacy courses and very recently 111 individuals were organized to partake in family literacy courses in honor of the fifth anniversary of the NFF. The said courses are taught by volunteer teachers in 15 different courses of study. Furthermore, all the necessary stationery such as notebooks, pens, pencils and textbooks were provided with the help of Kabul's Seventh District Literacy Organization through the pertinent office of promulgation and propagation of this council to the interested individuals. In a like fashion, in honor of the fifth anniversary of the NFF, recently two counseling commissions for students' parents and one family arbitration commission were created.

In answer to another question he said: More urgent demands and needs of our people are in the areas of economic and social services of which one can mention the scarcity of irrigation water, improvement and expansion of inner-city bus services, scarcity of potable water, repair and levelling of the roads, water and power distribution issues, lack of adequate bakeries throughout the district, lack of a sufficient number of pharmacies and health clinics in the area. So

far as possible some of the more demanding needs of the people have been met. For instance, 20 public watering wells in various villages and 8 private watering wells, installation of four water pumps and excavation of semi-deep wells for some Friday mosques have been carried out with the cooperation of the Water Distribution Department in charge of rural and pasture lands and other relevant offices. Furthermore, two pharmacies were also created one each in the neighborhood of Darol-Aman and Dough-Ab Charqaleh.

He also said: Through the said council, 300 kilograms of cooking oil, 300 kilograms of sugar, 300 bars of soap, 300 meters of material and 30 kilograms of tea were distributed among needy families, particularly some of the families of the martyrs of the revolution.

12719

CSO: 4665/54

AFGHANISTAN

HUNDREDS SAID GAINING LITERACY THROUGH NFF EFFORTS

Kabul ANIS in Dari 28 Jul 86 pp 1-2

[Text] The third district council of Kabul City's National Fatherland Front [NFF] has attracted 512 members in four housing councils pertaining to the third district during the first quarter of the current year.

While making the above statement, a source from the third district council of Kabul City's NFF went on to add: The third district council of Kabul City's NFF has always provided assistance to the families of the martyrs of the revolution. For instance, during the first quarter of the current year 150,000 afghanis were distributed among family members or survivors of the martyrs of the revolution.

The source also added: The publicity groups of the said council during individual or group meetings have explained the justified goals of the national democratic Sawr revolution and the objectives of the NFF to the respectable inhabitants of the region. As a result of effective publicity of the members of the said council, during the first quarter of the current year nine eligible youth voluntarily joined the armed forces and 12 other persons joined the defense groups of the revolution.

Furthermore, the source went on to say: During the first three months of the current year, on the level of the said council, eight voluntary work-teams were organized to paint the mosques and schools, clean or fix the streets and alleys which saved us a substantial amount of money.

The source further added: During the same period the council has created 15 literacy courses in which 110 adults [both men and women] from this district are enrolled and who are taught by voluntary teachers.

Moreover, the source said: As a result of formation of Family Arbitration Commission on the level of NFF Councils, it has become possible to resolve some family disputes. For instance, this council was able during the current year to create four new Family Arbitration Commissions and thereby resolve eight family-related contentions.

12719
CSO: 4665/54

AFGHANISTAN

WOMEN REPORTEDLY ABLE TO PARTICIPATE IN ALL PHASES OF SOCIETY

Kabul ANIS in Dari 19 Jul 86 p 4

[Text] In the victorious and evolutionary years after the advent of the Sawr revolution where every new day a new change in the social, economic, political and cultural lives of our people takes place; an instance of such transformations is the enhancement of the status of women who constitute half the total body of our society. This is a result of the untiring efforts of our women, who under the guidance of the Women's Democratic Organization of Afghanistan which was formed less than a year after the establishment of the PDPA, have continued their struggles against imperialism, reaction and despotism and who have actively participated in the victory of the Sawr revolution. At present, from the total women population of 7.5 million more than 50,000 are members of their beloved Women's Democratic Organization of Afghanistan.

Furthermore, the number of our women in the ranks of the PDPA which has mobilized more than 155,000 of the heroic and combatants of our nation around itself is also noteworthy.

Our party places great significance on the work and struggles of women in the reconstruction of our new society and elimination of the last traces of despotism and reaction from the farthest corners of our country. With due consideration to all the efforts of our revolutionary party which have been aimed at restoring the rights and democratic freedom of our women, at the 19th plenum of the PDPA Central Committee which was held gloriously on the 10th of July of the current year, another important step was taken toward realizing the democratic freedom of Afghan women. It was during this plenum that six heroic women of our country who belong to various ethnic groups and strata of our society of hard-working people were selected as members of the PDPA Central Committee and also became alternate members and members of the Central Inspectorate Commission of the PDPA which in turn has to shoulder heavy responsibilities.

In admitting or enhancing the status of Afghan women to become principal or alternate members of the PDPA Central Committee neither their tribal, national or religious affiliations nor their dialect have had any bearing on their selection; however, the main criterion for their initiation into the ranks of the PDPA Central Committee was only based on their merit, devotion and their remarkable services to the revolution and our nation.

The recent decision of the PDPA Central Committee in enhancing the status of women to the ranks of party leadership while in itself is a vivid example of

the equality of rights and realization of the democratic freedom of the women under the prevailing conditions of the national democratic revolution, it also provides them with the necessary motivation to undertake serving our adversity-stricken nation with an ever more decisive and energetic attitude in order to achieve fruitful results in their struggles.

Today, the Afghan woman is no more the woman of yesteryear who as a result of the outmoded despotic and feudalistic posture of previous regimes had to be confined within the walls of the home alone. The woman of today is an active and equal member of the society as the man who takes part in all the revolutionary activities outside the house and even actively participates in defending the revolution and attaining further victories.

12719

CSO: 4665/54

POLITICAL

IRAN

LATEST DECISIONS MADE ON CONSTRUCTION OF PIPELINE TO TURKEY

Tehran KEYHAN in Persian 17 Jul 86 pp 1, 3

[Text] Studies for a 4.3 billion dollar plan to construct an oil and gas pipeline from Iran to Turkey using the cooperative efforts of engineers and experts from both countries have been completed successfully.

'Asemipur, the director for oil fields in our country's Ministry of Oil and the government's plenipotentiary representative on the Iran-Turkey Joint Studies Committee who went to Ankara, in making this announcement during a press interview with a journalist of the Islamic Republic's News Agency, explained how this project would be carried out and said: The draft agreement on the construction of a 1,900 kilometer pipeline from Iran to Turkey was signed yesterday before noon by the representatives of the two countries.

'Asemipur, the Iranian Government's representative on the Joint Iran-Turkey Studies Committee, who had come to Ankara to discuss the construction of an oil and gas pipeline from Iran to Turkey with Turkish officials, at noon yesterday, following the signing of the above-mentioned draft agreement and during an interview held at the Iranian Embassy in Ankara said: "All technical issues and research on this project which will cost about 4.3 billion dollars was reviewed by Iranian and Turkish engineers with very promising and successful results."

He said: "The oil pipeline which will start from Khuzestan and end at the port city of Iskenderun, that is to say, the most western shore of Turkey on the Mediterranean Sea, will be 1,900 kilometers long and will take 4 years to build." He also said: "Thought is being given to exporting Iranian gas via a pipeline to Turkey and Europe, and after a market study is done in European countries, the capacity for such a pipeline will be looked into." 'Asemipur added: "The final terms of the agreement will be announced when Mr Mostafa Titiz, Turkey's State Minister for Executive Affairs, makes his scheduled visit on 21 July and the agreement approved by the authorities of both countries."

Studies for a 4.3 billion dollar plan to construct an oil and gas pipeline from Iran to Turkey using the cooperative efforts of engineers and experts from both countries have been completed successfully.

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He added: "The pipeline's capacity is anticipated to be at least one million barrels of oil per day, and if the project is approved by the authorities of the two countries, the project will take four years to complete from the time that work is begun."

'Asemipur, with regard to the effects of the above-mentioned project on our country's economic situation, said: "In carrying out this project, domestic factories will become engaged in significant levels of activity."

'Asemipur, in the course of this interview, with regard to the attacks by the Iraqi regime on oil tankers in the Persian Gulf, and the drop in world oil market prices said: "Fortunately, because of valid economic policies and prudent special security measures adopted by the government, the attacks of the Iraqi regime till now have had no effect on our country's oil exports. Especially, with the inauguration of the new Val Fajar 2 terminal, this security has been further underscored and repeated contacts by oil purchasers with the authorities of our country to make details, is confirmation of this."

He added: "In order to confront the fall in oil prices we believe that OPEC's power must be maintained. But to what extent we will be able to move within the framework of OPEC will be dependent upon decisions taken at the next session of this organization with regard to setting production ceilings and quotas for producing countries. But, as the authorities of our country have repeatedly said, Iran's objective is to go back to the price levels which existed before the plot for bringing down oil prices was hatched."

13041/9274
CSO: 4640/447

IRAN

ARTICLE RECOUNTS 10 YEARS OF KHOMEYNI TERRORISM

Paris LETTRE PERSANE in French No 46, Jun 86 pp 6-10

[Article by Gorouh-e Yazandegan]

[Text] Hojatoleslam Mehdi Hachemi was also at the root of the 7 March disappearance of another popular cleric from Ispahan, Hojatoleslam Safarzadeh. It was not until the arrest of the Khomeyni extremist group that it was discovered that he had been assassinated. His body was thrown into a hole outside of the city. One might recall that Ayatollah Khomeyni was also behind the assassination of Prime Minister Ali Mansour on 26 January 1965, by youths from the Tehran bazaar.

This new "race" of terrorist clerics emerged in the early 1970's from the Palestinian camps. Young Muslim seminarians had been going to Syria and Jordan until 1971 and then to Lebanon in order to be trained in the armed struggle. Contacts with communist groups also trained there left profound marks on their vision of the world and of socioeconomic problems. They were only a few months behind what would later be called the "Modjahedins of the people." The latter had signed an agreement with Yasir 'Arafat's Fatah at the end of 1969. They would fight the imperial regime from July 1971 until January 1979, before once again taking up arms against Khomeyni after June 1981, led by Massoud Radjavi, who fled to Auvers-sur-Oise (northwest of Paris) until June 1986.

The young clerics who went through this guerrilla training are now solidly entrenched in the Islamic Republic of Iran. In addition to Hachemi, we shall mention only Gholamhossein Nadi, deputy from Nadjafabad, or Abdollah Nouri Hosseinabadi, Khomeyni's personal representative in various parastate circles. We must also recall the man who has always resorted more to the use of arms than the verses of the Koran and who found his place in posterity under the name of "Ayatollah Ringo": Mohammad Montazeri. This cleric, killed on 26 June 1981 in the bombing of the headquarters of the Party of the Islamic Republic, was the first son of Ayatollah Hossein Ali Montazeri, Khomeyni's designated successor. His extravagant escapades brought him international renown. Less well-known is the fact that along with Asghar Djamalifard, better known as Abu Hanif, he led the Liberation Front of the Disinherited of the World. Many of his supporters are now in Mehdi Hachemi's terrorist organization.

The latter is very closely linked to the Montazeri clan. His father, Ayatollah Mohammad Hachemi Ghahderidjani, was one of the teachers of Khomeyni's heir apparent from 1936 to 1940. In addition, Mehdi's brother, Hojatoleslam Hadi Hachemi, married one of the daughters of the future spiritual leader of Iran and is also head of his private secretarial staff in Qom.

Following his training in the political-military struggle at the Palestinian camps, Mehdi Hachemi set up an organization in 1974 that would henceforth engage in more terrorism than politics and known as "Gorouh-e hadafiha," meaning the group of those who care about nothing but their own goals. Influenced by the ideas of a militant Marxism, that cleric preaches the all important goal set, never mind the means. One can therefore understand why the group would tend toward extremism and how it would intervene in a bloody manner in philosophical conflicts between Shiite clerics.

In Ispahan, two main religious philosophical movements had been fighting it out in sermons and pamphlets since early 1970 when a young cleric, Nematollah Salehi, from Nadjafabad, published a thesis rejecting Muslim fatalism, those famous "mektoub" (it was written) or "It was God's will." In it, he defended an idea dear to Khomeyni: Man must take control of his own destiny and fight to establish an ideal Islamic world, without waiting for God's messenger to do it, according to the Shiite books. This nearly heretical thesis was a bomb-shell for Iran's clerics. Even 16 years later, it is still the cause of bloody disputes between Iranian clerics. On 21 April 1970, the book received the backing of Ayatollah Montazeri and on the following 9 June, that of Ayatollah Ali Akbar Meckini, currently the leftist ideologist of the Montazeri clan. Even now, one must go back to that old quarrel to understand the assassinations of religious leaders or the suspicious deaths of certain ayatollahs or hojatoleslams.

Those responsible for the murders of the two religious leaders from Ispahan were quite quickly arrested and on 31 March 1977, 6 of the 22 accused, including Mehdi Hachemi, were sentenced to death. However, the appeals and the rising wave of dissent in Iran dragged things out and all the defendants were finally released at the end of 1978. Many clerics did not accept the release, but their attempts to reopen the case were countered by Khomeyni and Montazeri.

Scarcely out of prison, the Hadafiha resumed operations in Ispahan. On 2 August 1979, they murdered bazaar merchant Mohammad Kazerouni, one of their opponents, and on 7 October 1979, engineer Bahreyniyan, head of the local Islamic committee backing Ayatollah Khademi. In January 1980, they tried to kill Ayatollah Mehdi Faghih Imani, representative in Ispahan of Ayatollah Khoi, the most important Shiite leader now living in Nadjaf (in Iraq) and a declared adversary of Khomeyni. These crimes naturally went unpunished and were attributed to "agents of American imperialism."

It was in October 1980 that Mehdi Hachemi made a noteworthy return. He was named head of a new department of the Army of the Guardians of the Revolution or the Pasdaran (formed in February 1979 to counterbalance the regular Iranian Army). As head of the Department of the Islamic Liberation Movements, he

initially organized the Iraqi Muslim movements in opposition to Saddam Husayn, who had just invaded Iran. However, he would very rapidly be concerned with the entire world.

When that department disappeared from the official statutes of the Army of the Pasdaran at the end of 1982, he would be transformed into an independent organization whose budget came from the Foundation of the Disinherited (which administers over 4,500 industrial or agricultural production units and 18,000 housing units seized after the February 1979 revolution). Since 3 October 1982, Hachemi's official title has been "head of the staff of Islamic training and propaganda" with the Foundation, but he is the uncontested leader of exporting the revolution in the world.

Led by this hojatoleslam, well in his 40's, with the emaciated face and an above-average IQ, the Department of Islamic Liberation Movements did considerable work in less than a year and a half in order to implement its political and military program.

The ingenious idea of this Shite cleric, who has an insane fear, even paranoia, of having his entourage or organization infiltrated by foreign agents, was to reject all Islamic groups of any scope and already recognized. His department, through his "Relations" division, would first of all divide up the earth into political-religious sectors, then make a list of anything in existence with some degree of organization and objectives linked to the Muslim faith. In March 1982, Mehdi said that "he considered the small Islamic movements that were unknown and lacking in means to be far more noble and true than those which, enjoying substantial resources, have all come to set up offices in Tehran."

Another division of this Department of Islamic Liberation Movements responsible for study and research then determined a coefficient for each of the groups based on their permeability to Khomeyni's ideas. The coefficient thus established led to a choice of political and military action in agreement with the other members of the staff of the Army of the Pasdaran. It is the Training and Instruction Division of the latter that trains the Muslims chosen in guerrilla methods.

It is the Cultural Division of the department that is then responsible for enforcing the staff's decisions. This section would guide many groups of the Muslim world toward an Islamism active in the political and military sphere. Aid would never be essentially material, but accompanied by intense spiritual training highly tinged with Shiism.

The Study and Research Division completed very thorough analyses of movements in the Philippines (Moro), Afghanistan, Iraq, Eritrea and Lebanon, of the organization of the Muslim Brotherhood and the IRA. It was with the backing of Montazeri and his acquaintance with Irish in Libya that Mehdi Hachemi had the study done. Contacts with the IRA were limited, but they enabled Hachemi to know more about the IRA's fighting techniques. For this leader of the Islam Islamic war of conquest, there could be no question of helping Christians, the great enemies of the Prophet Muhammad and his teachings.

Hachemi also became interested in New Caledonia in 1982 and invited leaders of the Kanak United Liberation Front to Tehran. There can be no doubt that he gave a little boost to last year's events.

It is no longer necessary to demonstrate the presence of Hachemi's organization behind the events in Lebanon. He roused the Islamic dissent of Amal with Hussein al Moussavi (alias "Abu Hicham"), the formation of a pro-Iranian Palestinian faction with Zia al Hammasi, the creation of several groups of Hezbollahs with the Shayks Abbas al Moussavi, Sobhi al Tofeyli, Hussein al Hallil, Hafif al Nabolsi or Ibrahim al Amin. He also set up the Djondollah (Allah's Army) of Shaykh Karim Chamseddin and the rally of the Lebanese Shiite clergy in the Association of Fighting Clerics with Shaykh Mohammad Hussein al Fathlollah or Mahar al Hommoud.

Syria, which with Iraq shares the Arab nationalist and socialist philosophy of the Ba'th, is beginning to measure the size of the force built up on its western flank. Beware!

Likewise, prompted by Ayatollah Montazeri, Hachemi set up the rally of the various Iraqi Islamic movements at the end of 1982. In spite of everything, divergencies remain, linked to the original holy cities that vie with one another (Nadjaf and Kerbela, in particular) and their religious leaders who, like their Iranian colleagues, are divided into conservatives, progressives, radicals, pro- or anti-Khomeyni, and so on. Iranian leaders had placed a great deal of hope in a Shiite revolution in Iraq, but the nationalist factor was too strong. Unfortunately for Iran also, the Kurds, Indo-European cousins of the Persians, are for the most part Sunnites. Furthermore, the fight of the central government in Tehran against the Kurdish autonomy in Iran makes their Iraqi brothers distrustful.

The Middle Eastern sector of the organization includes, in addition to the Iraqis, the Islamic Liberation Organizations of Oman (with Salim Ali Azizi), Bahrein (with Hojatoleslam Hadi Mudaressi), the Arab Peninsula (with Shaykh Hassan Safar) and three other movements mentioned in propaganda in Tehran: those of Pakistan, Turkey and Kuwait. Actually, commercial and diplomatic relations are excellent with the former two. The third is accommodated because of its proximity to Iraq and its large Iranian colony.

It would appear that Hachemi's organization has taken in six progressive Afghan Muslim movements, but they are not very representative. Two other Afghan movements, of medium importance and better known, have the support of the Iranian Government because they are Shiite: the Nasr (Salvation) Organization of Hojatoleslam Mir Hossein Sadeghi Afghani and the Islamic Movement (Harakat) of Afghanistan of Hojatoleslam Mohammad Asef Mohseni. However, Iranian leaders barely tolerate the only Afghan movement with a powerful organization in Iran: the Islamic (mainly Sunni) Association of Prof Borhaneddin Rabbani, which has headquarters in Tehran, Ispahan, Machhad, Zahedan and Zabol.

However, Hachemi is not content to be a troublemaker in the countries bordering on Iran. He has placed a great deal of hope in what seems to him to be virgin territory: North Africa. The regional base chosen, following a

thorough analysis of the most receptive conditions, is the city of Freetown, capital of Sierra Leone. This country is very rarely in world press headlines. Some 40 percent of its population (put at 3.7 million) are of the Muslim religion and it has a Lebanese colony (partly Shiite) of some 20,000 persons. To develop that center of activity, Hachemi sent under diplomatic cover a member of the great family of the Chouchtarizadeh, which has turned out many clerics for Shiite Islam.

That "diplomat," Hassan Chouchtarizadeh ("Shoshtarizadeh" on his passport) was born in 1957 in Kerbela (Iraq), where his father Hussein resided. He already has some experience in revolutionary activities, secretly directing the abortive coup of 16 December 1981 in Bahrein, where he was serving as Iranian "charge d'affaires." At the beginning of 1983, he returned to his "diplomatic" post.

In order to win over the leaders of Sierra Leon, the Iranians have spare no efforts or promises. A very advantageous agreement for the sale of 350,000 tons of oil was signed. During his August 1983 stay in Freetown, Dr Velayati, Iranian minister of foreign affairs, signed an extremely broad cultural agreement and agreed to help finance various projects in the country: the purchase of two Boeings for its airlines, the buying back of its oil refinery, worth some \$12 million and belonging to 30 foreign companies, the startup of a rice-growing project costing \$1 million and aid to gold mining and oil and gas prospecting.

Tehran has not spared its support to local authorities so they would close their eyes to the activities of 47 Kissy Road, headquarters of the Sierra Leone Islamic Foundation, or to the entourage of Dr Mohammad Bangu, professor at the Freetown School of Islamology (already invited to Tehran).

In West Africa, Hachemi's organization can also count on the support of Shaykh Toure (Senegal) and Zeyn Abd-ul Mansim of the Center of Islamic Culture in Dakar. It can also count on a Gambian Islamic movement (one of whose leaders, Davoud Ismail, is enrolled in school in Norway) and on Nigerian students of the MSS, all well-acquainted with the Iranian capital. Furthermore, Islamic branches have been set up or strengthened in Mauritania, Niger (where there is even a question of the purchase of uranium), Ghana and Mali (which have received food aid).

As for Arab Africa, no one is unaware that Hachemi's training camps have taken in activists responsible for disturbances in their countries. Vigilant governments have controlled the situation so far. Let us note the Mojahedin Movement in Morocco and the Islamic Youth Movement in Algeria, the group of Mostapha Bouyali or the supporters of the late Shaykh Abdellatif Saliani and, in Tunisia, the Islamic Tendency Movement of Dr Racheff al Ghonouchi and the more extremist splinter groups.

For Hachemi, the Tunisians represent an excellent circle of activity, given the still visible influence of the Fatimid Shiites, particularly on popular beliefs with the Hassan and Hussein martyrs or the Achoura, considered the Festival of the Dead. A program of conversion to Shiism is well underway, moreover.

While the Iranian influence on Egyptian fundamentalists is well-known since the assassination of President Sadat, the formation of a group of Libyan activists is in contrast carefully concealed, along with relations with a Syrian group of Muslim Brothers. Questioned about the truth of such contacts, Imam Khomeyni reportedly responded: "Even if Hafiz al-Assad and Muammar Qadhafi disappear from this world, the Muslim Brotherhoods will still exist!" Many Iranian Shiite leaders have never forgiven Qadhafi for the kidnapping of Imam Moussa Sadr. The imam's eldest son, Sadreddin Sadr, one of the leaders of the Iranian Red Crescent, says that his father is alive and being secretly held in a southern Libyan prison for refusing to repay \$67 million offered by Qadhafi. The sum was earmarked for creating a pro-Libyan Lebanese militia, but Imam Sadr devoted the money to poor Shiites in southern Lebanon. Qadhafi has made up for the mistake by still supporting Iran's policy on Iraq.

Further south, Iran maintains contacts with a small Chadian revolutionary movement led by Moussa Binah. However, there are few activities in Central Africa, which has few Muslims, except for isolated actions in eastern Zaire, with the Islamic revolutionary group of Ismail Uthman (alias "Mulumba Kasongo Kalembakana") and in Burundi, with imams at local mosques. The same is true in Nairobi, Kenya, in the entourage of Friday Imam Eslam Khaled Eslam. Activities in Tanzania are more fully developed, for there is a very old Shiite minority whose sons have often studied religious sciences in Iran. None of these groups has yet been guilty of violent acts aimed at existing regimes. Their action remains spiritual.

Action is more serious in the Comoro Islands, where Hachemi supports the Islamic Liberation Front, whose leaders, such as Ali Hedjab and Said Abdallah, mainly reside in France. But the current pole of attraction of the Iranian leader is South Africa, where 2 million Muslims live. One frequent visitor to Tehran is Abdollah Hossein Didat, one of the leaders of the International Muslim Youth Organization and a long-time friend of the Fedayan-e Eslam. Hachemi relies on the Pakistani or Indian communities to make his voice heard, particularly with Cape clerics: Gholam Ghobteddin Ghazi and Hassan Soleyman. But Iran is cautious. It has a diplomatic mission in Johannesburg and oversees its interests. Actually, 17 percent of the biggest RSA refinery, Sasolburg II, belongs to it! What hypocrisy, when one knows of the policy of apartheid affecting the 300,000 black, Sunni or animistic Iranians stuck in the miserable townships of the Iranian coast of the Persian Gulf in Bandar Abbas, Bandar Lengeh, Tcharak, Minab, Djask, Konarak, Tchabahar, Biriz, Naband, Rapa or the islands of Qechm, Ormuz, and so on. What a disgrace!

Another sector dear to Hachemi is the Indian peninsula, but Rajiv Gandhi's reactions in recent weeks will force his agents to be more discreet, because they had been treating many Indian cities like conquered territory: New Delhi, Bangalore, Srinagar, and so on, as well as Lucknow, still the home of the descendants of the brothers and sisters of Ahmad Moussavi, Khomeyni's paternal grandfather, who went to Iraq to school and became friends with a bazaar merchant on a pilgrimage, Youssef Khan Kamarei. The latter took him to Khomeyn (Iran) to take care of the local Muslims and even gave him his daughter in marriage. They had two children: Mostapha, a cleric who died in January 1903, and a daughter, Sahebeh, who died in 1917. This explains the name of

Hendi (the Indian) still borne by part of the family, particularly Massoud, who represents Iranian Radio and Television in Paris.

While it may seem natural for the organization to try to develop its influence in Islamic countries such as Bangladesh, Pakistan, Indonesia or Malaysia, it is more surprising to see Hachemi look to countries such as Burma (with the Djon-dollah group), Thailand (or in a Muslim district of Bangkok with a Kuwaiti Shiite cleric, Seyyed Ahmad Zaki, or in Patani Province, whose United Liberation Organization has two official representatives in Tehran) or even Cambodia (through the French office of the Association of Cambodian Muslim Students, of the Chams ethnic group). But Hachemi does not stop at Asia. The activities of some of his agents stretch to Australia and touch the large Iranian, Lebanese and Pakistani communities (one of whose representatives, Salah Mahmoud, has gone to Iran several times).

Iranian Muslim revolutionaries wagered heavily on the rise of the PAS Islamic party in Malaysia, for it obtained good results in April 1982 in the states of Kelantan, Trengganu and Kedah. But certain PAS deputies defected and the UMNO (National Organization of United Malays) of Dr Mahatir Mohammad succeeded in keeping the country moderate with the aid of the Chinese and Indian parties. The PAS nevertheless represents a future factor of destabilization that one cannot ignore.

The policies of Hachemi's organization toward North and South Americans and Europe are similar: creating cores among local Islamic associations responsible for defending Iran's views (before those of Islam, it would appear) and even to create socioeconomic disturbances if those countries should become too dangerous. There can be no reasonable question of seeking the creation of an Islamic republic in such countries, in contrast to programs designed for Muslim states. The goal everywhere consists of discovering, overseeing and eliminating Khomeyni's Iranian enemies. Attempts to murder Chapour Bakhtiar, Chahryar Chafigh, General Oveissi and, recently, Col Hadi Aziz Moradi (23 December 1985 in Istanbul) should be attributed to Hachemi's agents.

Among the unconditional supporters of Hojatoleslam Mehdi Hachemi, in addition to Khomeyni and his heir apparent Montazeri, are the following ayatollahs or hojatoleslams: Ali Akbar, Hachemi Rafsandjani (president of Parliament), Ali Akbar Mechkini (leftist ideologist of the Montazeri clan), his son-in-law, Mohammad Mohammadi Reyhahri (minister of education), Fathollah Omid (Nadja-fabadi (deputy), Seyyed Djalaleddin Taheri Hosseinabadi (Friday imam in Ispahan), Mohammad Hossein Hosseini Ramche'i (active preacher). Let us also mention Nematollah Salehi Nadjafabadi (professor of religion), Mohyeddin Fazel Harandi (deputy, Khomeyni's special envoy for sensitive missions in Europe), Mohammad Moezzi (deputy) and finally, Ali Mohammad Dastgheyb (who waged the campaign to have Montazeri recognized as an "ayatollah al ozma" (grand ayatollah).

Hachemi's future is therefore secure, but one must relativize the results of his actions abroad. Experience has shown that no revolution has been successfully exported, but they have influenced their time. One may wonder whether the Iranian Shiite revolution will not, as Maoism did, engender hundreds of

offspring in many countries before completely disappearing from the international scene. Already its terrorism shocks many Iranians.

Another point that wounds the simple, sincere faith of pious Iranians and whose consequences are as yet poorly measured is the corruption of Shiism, which, since it came to power, has been forced to adapt to social and technological development and international law. Every day, in the House of Representatives, the Palace of Justice and the ministries, the faithful watch their clerics impose tortuous interpretations on the laws of Allah in order to make them fit reality. Shiite tradition is no longer one whole and interpretations are diverse. Allah knows that what is banned yesterday is no longer forbidden today: the vote for women, television, radio, nuclear power, agro-industry, the nationalization of trade and even caviar and sturgeon! Our clerics have discovered scales on the latter, thus enabling one to get around the precepts of the Koran! Without limitations on their power to legislate, they have even permitted blood to be taken from those condemned to death before the sentence is carried out!

Observers will note that the Iranian revolution has mainly affected Shiite clerics who have, in less than a year, gone from a Safavid Shiism born in the 16th century to the realities of the 20th. Moreover, those clerics have never been so divided as they have today and events show that, proportionately speaking, there have never been so many clerics shot, assassinated, the victims of "suicide," imprisoned, under house arrest or defrocked in 14 centuries of Islam in Iran as there have been in these 7 years of a Muslim regime!

The prophecy of hojatoleslam and philosopher Ali Golzaleh Ghafouri has therefore come to pass. A few weeks after the revolution of February 1979, he lamented the future of Islam in Iran: "Khomeiny and his backers have taken power believing that the Shiite faith would purify politics, but it is politics that will sully and destroy our faith. How many crimes committed in the name of Allah!"

11,464

CSO: 4619/75

IRAN

OVER 60 THOUSAND CLERICS REPORTEDLY SERVE IN BATTLEFIELDS

Tehran ETTELA'AT in Persian 12 Jul 86 p 17

[Text] More than 60 thousand clerics have been involved in propaganda and guidance activities in the imposed war's battle fronts up to now, and of this number more than 1 thousand have been martyred and some captured, wounded and lost in battle.

Seyyed-Reza Akrami, the Islamic Republic's Majlis Deputy, the reporter for the Majlis's Defense Committee, and the commander in charge of propaganda at the battle front and the war made the above remarks in the course of an interview with the ETTELA'AT's Majlis reporter during which he described the nature and direction of propaganda at the war fronts.

Regarding the nature of propaganda at the war fronts, he first stated, "As the Imam has declared, the weapon of propaganda is more effective than the weapons of war. Propaganda has a principle role in all areas all over the world. Even war ensues after cold war of propaganda. At this time at the fronts, propaganda is waged in various ways—such as through mass prayers, consideration of Shari'a questions, films, plays and various contests."

Then concerning the role of propaganda at the war fronts, he remarked, "Propaganda at the war fronts has the task of guiding, instilling a sense of responsibility and duty, and delineating the ways to discharge one's duty." He also added, "Propaganda makes it clear for a combatant that upon confronting the enemy, he must be resilient, patient and giving. He must defeat and inflict due punishment upon the aggressor enemy who has made our Islamic nation the target of attack and aggression for about 70 months. He must carry out this duty as best as he can unto sacrificing his life. By the same token, propaganda warns the aggressor enemy either to cease continuing this war and submit to the rightful demands of the Islamic Republic or to surrender to the fighting forces of Iran. Fortunately a large group of Iraqis who had been deceived have surrendered (to us) through propaganda. Therefore, propaganda can play a positive role for the Islamic Republic's combatant and winning over the Iraqi aggressor."

With respect to the active presence of the clerics at the war fronts and this group's effective propaganda role, the reporter for the Majlis' Defense Committee added, "In general, I must state that since the start of the war until now, more than 60,000 clerics have gone to the fronts."

This figure is distinct from the number of clerics sent to the fronts by the army, the guards corps, gendarmery, and the Reconstruction Crusade. Moreover, this number does not include the number of clerics who have gone to the Western and North Western fronts. These 60,000 individuals have gone to the fronts of the imposed war and engaged in propaganda activities. Up until now, of this number more than 1 thousand have been martyred and some taken prisoner, wounded and lost in battle.

He added, "These clerics are also involved in battle to the extent that some have achieved the status of commanding a company or battalion. Additionally, these forces have conducted classes for beloved combatants in various issues and have made them informed and aware as to their duties."

Concerning the question as to how clerics are sent to the fronts, Reza Akrami, the commander of propaganda at the War Fronts remarked, "These individuals are sent to the fronts through the office of Propaganda in Qom, the Organization for Islamic Propaganda, theological wards, Friday Imams, the propaganda units for the Guards Corps and the propaganda and ideology units for the army and gendarmery. And sometimes, various personages in the country independently visit the fronts and engage in propaganda work.

He added, "While expressing gratitude to all those clerics who themselves go to the fronts, here and now I request that they coordinate with the office of propaganda in the South and West the dispatch of clerics to the war fronts in order to make greater propaganda use of these competent forces."

At the end of his talk with our reporter, brother Akrami stated, "I thank the clerics for their presence at the fronts, and I ask that they participate at fronts and among our beloved combatants to a greater extent. Furthermore, I ask that the clerics who have yet to go to the front to go there to visit and engage in propaganda activities among the combatants, while becoming more aware of the giving and sacrifice of these beloved men.

12811/12232

CSO: 4640/417

DISPATCH OF DRAFTEES BORN BETWEEN 1959, 1967 ANNOUNCED

Tehran KEYHAN in Persian 2 Jul 86 p 3

[Text] KEYHAN Political Service—The dispatch dates for all regular, high school, and post-high school graduate draftees born between 1959 and 1967 who received their dispatch papers from Areas No 1, 2, and 3 of Tehran during June/July 1986 has been announced.

The Office of Military Service announced in an information bulletin: This is to inform all regular, high school graduate and post-high school draftees, born between 1959 and 1967, both draft dodgers and draft intenders, who received their dispatch to service during June/July 1986, that due to the overwhelming enthusiasm and to prevent overcrowding and for their own convenience they should report to the below mentioned locations on the specified dates at 6 a.m. for dispatch to service, as follows.

- 1- All draftees holding a high school degree who have received dispatch papers from Areas 1, 2, 3 of Tehran, are to report to Tehaan's Vali-e Assr Garrison, located on Sepah Ave., on 9 July 1986.
- 2- All regular draftees whose identity cards were issued by odd-numbered wards in Tehran, also draftees from wards in Kan Shemiran and Majidieh, and draftees born outside the country, and draftees whose identity cards were issued by the Area's District No 1 and who have received dispatch papers from Area No 1 of Tehran, are to report to the 22 Bahman Gendarmerie Garrison, north of Vanak Square, on 10 July 1986.
- 3- All regular draftees whose identity cards were issued by even numbered wards in Tehran, also draftees from Shahr-e Rey and Ghar who have received dispatch papers from Area No 2 of Tehran, are to report to the Shohada Gendarmerie Garrison, located on Molavi Ave., on 12 July 1986.
- 4- All regular draftees whose identity cards were issued by the provinces, but who reside in Tehran, and who have received Area No 3 dispatch papers, are to report to the Vali-e Assr Garrison, located on Sepah Ave., on 13 July 1986.
- 5- All post-high school draftees who have received dispatch papers from Areas No 1, 2, and 3 of Tehran, are to report to the Vali-e Assr Garrison in Tehran, located on Sepah Ave., on 15 July 1986.

13065/9190

CSO: 4640/423

POLITICAL

IRAN

EIGHTY PERCENT OF NEEDED ARMS REPORTEDLY MADE DOMESTICALLY

Tehran KEYHAN in Persian 17 Jul 86 p 3

[Text] In order to bring the imposed war to an end, and victory to the able Islamic combatants at the fronts, the Islamic Revolutionary Guards Corp has formed at least 500 fresh, new battalions to end the war as soon as possible. This statement was made by Mohsen Rafiqhdust yesterday afternoon at a large session of Revolutionary Guards commanders held at the mosque of the martyred Mottahari.

The statement was made at this session which was attended by a large number of fighting men from the ranks of the Basij who were victorious at Mehran, civilian and military officials, armed forces and reserve personnel, and Tehran Hezbollah members. The minister of the Revolutionary Guards said: "Should the battle fields need more new fighting men in newly formed military units, the Islamic Revolutionary Guards Corps is prepared to tap the wave of people interested in participating in the war and rapidly form one thousand new battalions made up of fighting men from the Basij to join the battle fronts to settle the war victoriously.

The minister of the Islamic Revolutionary Guards, continuing with his speech, referred to the formation of military elements within the country and said: "If when the war began, in order to do battle with the enemy, we even had to acquire bullets for our weapons from abroad, today with pride and honor we state that at least 80 percent of the weapons and equipment we need for the war we make ourselves in our country and turn over to the united and faithful forces, and hopefully this figure over the next few years will reach 100 percent."

He added: "We are not a country that is fighting on the strength of oil dollars, our people are devoted and fight because of their devotion to God, and our enemies should know that their plots don't work on us." In conclusion, the minister of the corps honored and commended the dedication and valor of those guardsmen who had martyred themselves in the victorious operations of Karbala 1, including: Haj Mohammad Reza Dastvare; Mohammad Hoseyn Momqani; Bahman Najafi; Hoseynian; Sharifpur; Jukami; Safarkhani; Jahan Ara; Mas'ud Sadeqi Yekta (brother of Samad); Hoseyn Eskandarlu; Habib...('Allah) Daud Abadi. The session was organized by the Hazrat-e Rasul and the Sayyed al-Shohad Army Divisions; and the Islamic Revolutionary Guards of the Yek Sara area.

13041/9274
CSO: 4640/447

IRAN

EDITORIAL COMMENTS ON GULF WAR, EFFECTS

PM281547 Tehran KEYHAN in Persian 2 Aug 86 p 2

[Editorial: "A look at the Possibilities and Capabilities of Iran and Iraq on the War Fronts"]

[Text] The price of oil has once again fallen just before a general decisionmaking with regard to lowered production levels. This unnatural and surprising drop in the price is clearly the fault of some of Arab countries in the region which are acting as a fifth column for the United States in the area.

Coordinating and synchronizing with this effort to lower the oil price, Iraq has stepped up its air attacks against our oil and industrial installations as well as our civilian areas. The fact that these events are occurring simultaneously draws the attention of all aware people to tie together the issue of the lowered oil price and the stepped-up Iraqi attacks. This also points to the hostile attitudes of the West and the reactionary Arab regimes toward the Islamic Republic of Iran and the wave of the global Islamic revolution. It also proves the point that the main international cause of the lowering of oil prices had to do with Iran and the Iran-Iraq war.

The latest Iraqi actions, the stepped-up air raids, have to be evaluated within the framework of the disgraceful defeat of the Ba'thist army on the Mehran fronts. Because the glorious victory of our brave army which resulted in the liberation of Mehran and the surrounding hills in the region and inside Iraqi territory in reality turned to nightmare and hopes that Saddam had nurtured. Despite all the guidance and help from his friends, he nevertheless was forced to play his last trump card, which is his relatively superior air force.

Under the present circumstances it is a good idea to examine the might, capabilities and abilities, the choices made, and the methods used on the war fronts by Iran and Iraq so as to make clear why Iraq has once again resorted to air raids by its air force and the possibility that these raids might be stepped up.

There is no doubt that, as far as air raids and the number of jet fighters are concerned, Iraq has had in the past and has now a freer hand than Iran. This is linked to Saddam's preliminary preparations for his first strike into Iran and, second, is linked to the generous support given to Iraq in weapons and money by the West and by reactionary Arabs with a view to preventing an Iranian victory. This was made clear from the first day of the war, especially when we take into account the air raids launched by Iraq on the very first day of the war against airfields in some major Iranian towns.

The air force of any country has the important role of hitting the enemy and supporting its own army. Despite this, what determines the fate of either side in a war is not only the quantity and quality of its aircraft, but a collection of various elements, human qualities in fighting, logistics and planning. All these elements meet to make political and military victory possible for any one side.

With regard to the capabilities of the Iraqi Armed Forces, facts and beliefs have been intermingled in opinions and analyses. Taking a look at the Iraqi forces after the liberation of Al-Faw, the hard defeat of the Iraqi counter-offensive in Hajj Umran, the liberation of Mehran and the heights to its east, and the events that have taken place within the top levels of the Iraqi army and the Ba'th Party following these military operations, we are led to the following conclusions:

1. Iraqi is vulnerable inside its own territory and has no strength to withstand the widespread attacks launched by the Muslim warriors or Iran.
2. The Iraqi Army is incapable of a significant military move. The defeat of the "moving defense" strategy which was suggested to the Ba'thist Saddam and its unannounced replacement by the "stationary defense" strategy proves this point.
3. Saddam has not only lost hope in his navy but also in his highly trained ground forces and the special unit of the presidential guards. He has once again placed his hopes in air raids against Iran's economic--oil and industrial--installations following prior coordination with moderate and reactionary Arabs, hoping to place Iran under economic and psychological pressure, to face Iran with serious financial and currency problems, and to force Iran to accept his own position in the war.

In such circumstances, there are some who take note of such air attacks or else predict that Saddam will launch strikes against towns and residential areas. There are still others who take into account Iran's powerful rocket retaliation against Iraq which had devastating and problematic consequences for Iraq, plus moves by some Arabs who are trying to retrain Iraq and who believe that there is less chance that a "war of the cities" will be launched. There is also a chance that their strikes against our economy may be aimed at trying to increase problems and to create dissatisfaction among our people, thereby making an indirect political gain.

To counter this, Iran still has tremendous talent, and this makes our imam and our heroic and sacrificing people more determined to continue the war until a final and lasting victory can be achieved.

One must accept this reality that while the United States relies on the reactionary and corrupt Arab rulers of the region to pursue its compromising path, it is up to the Muslim revolutionaries, including Iranians, to follow a path of struggle and resistance to change evil into good because [the Koran says] "The Lord is powerful when it comes to helping those oppressed who are determined to fight."

Countering Iraq's limitations, Iran is first of all now in a better military position--and then there are more possibilities and options open to it:

1. There is a revolutionary atmosphere dominating our Islamic, revolutionary, and politically aware society. This fact has placed at the disposal of our military commanders countless throngs of human forces who are dedicated and determined. With proper military training they will be able to deliver more devastating blows against Saddam and his wavering Ba'thist army. Although he places Iran under economic pressure, forcing it to choose between wanting to be dependent or independent, one can say without a doubt that the analyses of the Western societies will be proven wrong because as far as the main trend of the revolution and the Islamic movement is concerned, the path that the people will choose will be the road to independence.

2. Iran is still fighting inside Iraqi territory, and Al-Faw, Al-Zubaydat, the heights west of Mehran, Mandali, Hajj Umran and so on will be the launching sites for Iran's next attacks. This is an important point which, as far as military strategy and the political sensitivities of the West and the Arabs are concerned, deserves special merit.

3. It is not as if Iran is unable to answer Iraq's air raids and it is not as if Iran is only watching Iraq's mischief and bombing raids on our industrial sites or civilian areas. Iran's air attacks against Iraqi economic and industrial targets are a reply to Saddam's mischief. We also have to keep in mind that Iran has not yet used its missile power to the full extent.

4. The Islamic Republic of Iran has always said its final word on the war fronts, with amazing and surprising attacks launched by the Armed Forces, the Islamic Revolution Guards Corps, and the mobilization units, and this is something that has always scared and continues to scare Saddam.

/9738

CSO: 4640/470

IRAN

MONTAZERI CALLS FOR SOLIDARITY IN FACE OF DIFFICULTIES

Tehran KEYHAN in Persian 2 Jul 86 p 3

[Text] Qom--Yesterday afternoon in Qom the families of the martyrs of 28 June, some member's of the Revolutionary Guards Corps [RGC] in Esfahan, and the families of martyrs and different strata of the Hezbollah nation from different cities of the country met with the venerable theocrat grand ayatollah Montazeri.

During this meeting grand ayatollah Montazeri, while addressing a welcome, initially referred to a verse of the Koran and said: Tragedy, especially the tragedy of losing one's valued loved ones, is very hard to bear, and because the bearing of tragedy is very hard, mankind needs help to bear it, that is why the blessed and exalted God has provided the expression for the seeking of help in the verse; left to himself, man is unable to overcome many tragic events and problems, but if he strengthens his relationship with God, God helps him. Ask God for help, choose patience as your profession, be forebearing, and establish a relationship with God, our prayers are the means to get in touch with God, by means of patience and contact with God the bearing of tragedy becomes easy. He also added: It is true that all these loved ones that the enemies of Islam have taken from us, were worthy and deserving individuals who each had a real specialization and distinction in their own fields, it is true that we have lost a lot through the capture of these loved ones, I myself share this tragedy with you, the more worthy the blood of our loved ones is, the dearer the blood of the martyred Seyyeds, saints, masters and 'Ali Akbar and Ali Asghar. But for God's sake and to champion the word of Islam and to strengthen Islam, sometimes it is called for that even Imam Hoseyn and 'Ali Akbar be sacrificed, the blood of 'Ali Asghar be spilled for God's sake, when it is in the best interest of Islam and the Revolution, although it is correct that these are all dear, when it is for God's sake, it is worth it, and the maximum benefit and use in the interest of Islam and the Revolution must be reaped from these martyrdoms; do you know at all that the blood of the martyrs of 28 June insured the Revolution against devilish networks which had been set up inside, these networks that had been set up by opponents and enemies of Islam, were inside and interconnected leading to eastern and western powers and were not trivial, the events of 28 June exposed those devilish acts and their enmity towards Islam and the Revolution for all to see, we do not know the state the Revolution would be in if these

people did not exert all this adversity, this is where the inherent villainy of the heads of the little groups became clear and every day their inherent villainy becomes clearer, especially now that they are being protected by the enemies of Islam and of Iran, the criminal Saddam, who has injured the people of Iran and Iraq so much and who has caused the martyrdom of so many scholars and youths. They have gathered in the folds of Saddam and are cooperating with him.

In another part of his statement, addressing the deluded individuals in the group, grand ayatollah Montazeri said: Again, one more time, I admonish these young people who have fallen into the trap of the heads of the little groups: Do you still have doubts? Has it not become evident that your masters themselves have been bought by the super-powers and colonizers? When your masters cooperate with the treacherous Saddam despite all his crimes, do you still have doubts? Pity yourselves do not be stubborn, return to the folds of Islam and of your country, repent, and make up for your past. You sell your worldly life and your life-after for others, come, wherever you may be, if my voice reaches you, return to the folds of Islam, do not spite God and Truth, repent and God will accept your repentance.

Addressing the families of the martyrs, grand ayatollah Montazeri said: In these sensitive conditions, you, the families of the martyrs, preserve the Revolution, which has come to us at the price of the blood of so many loved ones. Of course, it is difficult and there are problems and the enemy is awake, strikes with blows, Saddam is being helped from all sides, we do not fight with Saddam, we fight with the East and the West, Russia provides the missiles and the Migs, France the Mirages, and the United States gives the money, and the oil of the Gulf countries is his backing. These are problems, at the beginning of Islam there were also wars and problems, in the war of Ahad, most of the Muslims had lost martyrs, Islam has not come into our hands free of cost.

Indicating the country's existing problems, grand ayatollah Montazeri added: The government, the people, and the clergy and organs should join hands and bring about the stability of the Islamic Republic so that it may be a model and example for Islamic countries, if you can preserve the independence of the country and it becomes self-sufficient, you will be a model, and this is the way. The government and those in charge should decrease the number of cumbersome rules and regulations and provide the people with an opportunity to serve and not be harsh. In the case of production, agriculture, industry, commerce and in activities that are in the interest of our country, the people should be given opportunities. The people for their part, should make remissions, the merchants should not overprice and hoard up, people who nag should decrease their nagging and be forbearing for the cause of Islam.

Our Komiteh guard brethren, and those in charge of discipline who hold power and weapons in their hands should try to give the people some leeway while at the same time maintaining order, it is not so that all people are necessarily Hezbollah, one must attract them with ethics. Let's all try to make everybody in the country feel safe for their finances and for their

lives and to feel confident. Let's bring back that unity and harmony that existed at the beginning of the Revolution, set aside selfishness and self-preoccupation, for God's satisfaction, let's melt into the Revolution and into Islam, 40 million people by themselves constitute a lot of power, try to strengthen this power further. Both, the government and those in charge should trust the people to have opportunities to serve, and the people should respect the rules and regulations of the Islamic Republic. They should not betray secrets, but understand the country's conditions, refrain from waste and dissipation and unnecessary expenditures, what if one day the country's conditions become such that we will all have to fast, Praise be to God now it is not so and there is plenty of affluence, now shopping may not be an excessive expenditure, God willing once we are rid of Saddam's evil and we become self-sufficient, the young people's intelligence will start working again and they will produce everything, one must necessarily save, whoever is contented is dear and will not be subjected to the United States and to Russia anymore, we must plan for ourselves an economy minus oil, what do countries do that do not have any oil?

The successor to the leadership, while translating His Excellency (Hazrat-e) Ali's letter to the owner of Ashtar, mentioned in the Descriptions of a Judge, and by indicating the importance of the judiciary, stated: Among the questions that are important for the stability of the country is that of the country's judicial organization. The judicial organization of the country is very important and must be strengthened and the judicial apparatus must try to attract religious and committed scholars, learned men, and sages; few committed scholars and sages have been absorbed while at the time our Revolution succeeded we needed more than one thousand clergymen practicing religious jurisprudence and here and there they come from among scholars.

We ask the High Judicial Council of the State, especially the Chief of the State Supreme Court, now Praise be to God the Imam has renewed an order, to attract more scholars than before, of course they should also be provided with opportunities, there should not be any harsh treatment, and the scholars and learned men should feel responsible and not nag, today restraint is necessary, they should help and on the other hand if we do not have enough judges to use itinerant judges.

He added:

The Hezbollah children should not meddle in affairs that are none of their business, neither should the judicial apparatus act sluggishly nor should the children meddle.

It is said in religious jurisprudence that if 'To Command the Truth and to Prohibit the Sin of Commission' is limited to the spoken and written work, it is everybody's responsibility, but if it depends on action then it needs the Imam's permission, disorder is a very bad thing, if everybody wants to interfere it will be harmful to the country.

people did not exert all this adversity, this is where the inherent villainy of the heads of the little groups became clear and every day their inherent villainy becomes clearer, especially now that they are being protected by the enemies of Islam and of Iran, the criminal Saddam, who has injured the people of Iran and Iraq so much and who has caused the martyrdom of so many scholars and youths. They have gathered in the folds of Saddam and are cooperating with him.

In another part of his statement, addressing the deluded individuals in the group, grand ayatollah Montazeri said: Again, one more time, I admonish these young people who have fallen into the trap of the heads of the little groups: Do you still have doubts? Has it not become evident that your masters themselves have been bought by the super-powers and colonizers? When your masters cooperate with the treacherous Saddmm despite all his crimes, do you still have doubts? Pity yourselves do not be stubborn, return to the folds of Islam and of your country, repent, and make up for your past. You sell your worldly life and your life-after for others, come, wherever you may be, if my voice reaches you, return to the folds of Islam, do not spite God and Truth, repent and God will accept your repentance.

Addressing the families of the martyrs, grand ayatollah Montazeri said: In these sensitive conditions, you, the families of the martyrs, preserve the Revolution, which has come to us at the price of the blood of so many loved ones. Of course, it is difficult and there are problems and the enemy is awake, strikes with blows, Saddam is being helped from all sides, we do not fight with Saddam, we fight with the East and the West, Russia provides the missiles and the Migs, France the Mirages, and the United States gives the money, and the oil of the Gulf countries is his backing. These are problems, at the beginning of Islam there were also wars and problems, in the war of Ahad, most of the Muslims had lost martyrs, Islam has not come into our hands free of cost.

Indicating the country's existing problems, grand ayatollah Montazeri added: The government, the people, and the clergy and organs should join hands and bring about the stability of the Islamic Republic so that it may be a model and example for Islamic countries, if you can preserve the independence of the country and it becomes self-sufficeint, you will be a model, and this is the way. The government and those in charge should decrease the number of cumbersome rules and regulations and provide the people with an opportunity to serve and not be harsh. In the case of production, agriculture, industry, commerce and in activities that are in the interest of our country, the people should be given opportunities. The people for their part, should make remissions, the merchants should not overprice and hoard up, people who nag should decrease their nagging and be forbearing for the cause of Islam.

Our Komiteh guard brethren, and those in charge of discipline who hold power and weapons in their hands should try to give the people some leeway while at the same time maintianing order, it is not so that all people are necessarily Hezbollah, one must attract them with ethics. Let's all try to make everybody in the country feel safe for their finances and for their

lives and to feel confident. Let's bring back that unity and harmony that existed at the beginning of the Revolution, set aside selfishness and self-preoccupation, for God's satisfaction, let's melt into the Revolution and into Islam, 40 million people by themselves constitute a lot of power, try to strengthen this power further. Both, the government and those in charge should trust the people to have opportunities to serve, and the people should respect the rules and regulations of the Islamic Republic. They should not betray secrets, but understand the country's conditions, refrain from waste and dissipation and unnecessary expenditures, what if one day the country's conditions become such that we will all have to fast, Praise be to God now it is not so and there is plenty of affluence, now shopping may not be an excessive expenditure, God willing once we are rid of Saddam's evil and we become self-sufficient, the young people's intelligence will start working again and they will produce everything, one must necessarily save, whoever is contented is dear and will not be subjected to the United States and to Russia anymore, we must plan for ourselves an economy minus oil, what do countries do that do not have any oil?

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Grand ayatollah Montazeri in closing specified that one must cope with all problems, the people and the government and the military and disciplinary forces and the scholars and academicians should all join hands to manage the front. The university to manage the scientific sector, and we must also run industry and agriculture. To help one another, to decrease consumption and prices, to try to build a model nation. So that everyone may see that the people can, despite all the pressures, stand on their own feet.

13065/9190

CSO: 4640/423

IRAN

MONTAZERI URGES INTELLIGENCE OFFICERS AGAINST HARSH CONDUCT

Tehran KEYHAN in Persian 26 Jul 86 pp 1-2

[Text] Qom, KEYHAN correspondent

In a meeting with the training officials of the Ministry of Information, Ayatollah Montazeri termed improper the harsh conduct that is carried out in many cities in fighting corruption, unveiling and other issues and said: It is a mistake to think that the regime will be strengthened and prohibited acts will be uprooted from the society by means of harsh conduct, even though good intentioned. The revolutionary, Islamic culture must be strengthened and stabilized in order for the general atmosphere of the society to progress towards goodness and prosperity.

Training officials of the Ministry of Information met with Ayatollah Montazeri last Thursday. In this meeting, praising those that have willingly accepted an important and sensitive responsibility rather than sitting in a corner and criticizing, he mentioned a reported saying from his holiness Imam Reza, from "Tohfeh al-'Oqus," wherein his holiness said: A human being is not faithful unless he creates three habits in himself. The first is from Almighty God, which is to keep people's secrets; the second is from the Prophet of God, which is to treat people with moderation; and the third is from God's deputy, which is patience in hardships and calamities. He pointed out: The first tradition, which is from God, mostly concerns the intelligence officials. Brothers must be careful not to meddle in the people's personal, private secrets and affairs. Only in areas involving national security or if there is a possibility of conspiracy and counterrevolutionary activity must they gather information concerning the related secrets, as much as is necessary. But they do not have the right to put such secrets at the disposal of others or the general public.

He emphasized: In any case, some individuals may have committed sins or transgressions during the past regime, or now. From a religious standpoint, we do not have the right to expose people's secrets to others or spread them among the people. Such revelations and spreading the weak points of individuals are prohibited in any form and are contrary to religious law.

People's secrets must be protected. In the same way that God does not expose anyone's secret, a faithful human being must also follow this divine tradition and protect the secrets of individuals. Concerning the tradition of the Prophet, which is interpreted in this reported saying to be moderation towards the people, Grand Ayatollah Montazeri emphasized: Brothers, note that the faithful of all individuals are true followers of the Hezbollah. Persons have varying degrees of faith, one a little more and one a little less, and so on. Therefore, according to this noble reported saying, we must be moderate towards the people. If a person is observed committing a violation or a sin in dealing with them, humane, Islamic behavior must be fully observed. Some of the extremist actions that are carried out by some of the officials, even though they might be done with good intentions, will have adverse effects on the people and will make the people pessimistic towards Islam, revolution and the leader. They would provide the opposition an excuse. Foreign radios are waiting for such opportunities to blame Islam, the revolution and the leader for such actions and to reach their sinister goal. He pointed out that if there is, for example, an action by some people that it is felt is contrary to the regime, you must not deal with it in the form of revenge. Action must be taken as much as necessary and we must not do something that would create adverse effects and pessimism among other people. If, for instance, we find one or two persons to be the source of it, we must not pursue others. Concerning the violent treatment carried out in many cities in the name of the Hezbollah in order to fight corruption, unveiling or other things, Grand Ayatollah Montazeri said: Even if such actions are done with good intentions, they will create the grounds for unrest and the weakening of the regime in the society. Some of our friends are mistaken to think that with such provocative, violent actions, the regime will be strengthened, even though their intentions are good. This type of thinking is wrong. We must strengthen and stabilize the culture of Islam and the revolution in the society in order for the general atmosphere to advance towards goodness and prosperity. Through force, attacking and hitting people, the situation will not improve. With such actions, neither will prohibited acts be eliminated nor will the regime be strengthened; the society will only move towards unrest and the regime will be weakened. I am informed that in many places, ill-intentioned and corrupt individuals have taken advantage of such Hezbollah actions and have, in fact, placed their Satanic party members among the Hezbollah members, engaging in other corrupt actions contrary to religious law, and thereby their actions have been blamed on the Hezbollah, Islam and the revolution. In any case, in my opinion, such dealing with corruption and violations is not proper and beneficial and must be prevented. However, in cases requiring that corrupt individuals be dealt with decisively and seriously, this must be done through the judicial branch and other related organizations and there should be no special considerations or weakness.

In the same connection, he emphasized: It is a certain role in our religious laws that in instructing people to do good and preventing them from doing evil, if the tongue and the heart are not effective and violence should be used, no action is allowed without the permission of the Shar' magistrate, that is, the Islamic government, and no one is allowed to take steps on his own. In conclusion, he spoke about the third tradition, which is from the deputy of God.

IRAN

ARTICLE COMMENTS ON 'TOTAL SPLIT' IN RULING CLASS RANKS

London KEYHAN in Persian 24 Jul 86 p 6

[London KEYHAN weekly in Persian; founder and publisher Dr Mesbahzadeh]

[Text] The Assembly of Experts convened once again to make a decision regarding article 107 of the Constitution. Article 107 of the Constitution. Article 107 addresses the issue of the "leader"; And if this assembly does not find anyone possessing all the requirements for leadership, then it will select as successor a council of jurisprudent, comprised of three or five individuals. Now that several months have passed since the last session of the Assembly of Experts in late November of 1985, it has become evident that the Assembly of Experts had not been able to achieve an agreement with respect to the choice of a successor for Ayatollah Khomeyni. Only Hojjat ol-Eslam Barikbin, the Friday Imam of Qazvin, announced during a Friday Prayer Sermon that Ayatollah Montazeri had been selected.

The strange manner of this singular announcement was indicative that differences of opinion had caused lack of concurrence in the voting within the Assembly of Experts. Subsequently, Hashemi Rafsanjani also hinted that all Experts had not signed the decision by the aforementioned assembly regarding the choice of Montazeri as successor. At that time, we realized that Ayatollah Khomeyni had not approved of that decision either.

That the newspapers have since referred to Montazeri as successor and sometimes even as "Deputy to the Leader" has not made any difference in the dissatisfaction of some of the Experts about this succession. At any event, this dissatisfaction has been so significant that by convening again of their assembly for the review of Article 107 of the Constitution, the Experts have in actuality rendered as invalid the decision of last November's session.

Ayatollah Montazeri's opposition is not among only the Experts comprised of the ruling clerics. More significant is the opposition of the Ayatollas who are authoritative sources of religious emulation--such as Golpayegani, Najafi Mar'ashi, Sadeq Rowhani and Hasan Qomi who consider themselves superior to Ayatollah Montazeri within the hierarchy of the Shiite clergy.

Hashemi-Rafsanjani had possibly foreseen these differences when he said: if the people confirm with a large majority a jurisprudent of religious authority, there

would be no need at all for the formation of the Assembly of Experts. It was after these remarks by Rafsanjani that his supporters tried to launch a large street demonstration in support of Montazeri's succession but did not succeed. That demonstration was not so effective and large as to silence those opposing Montazeri. As a result, Rafsanjani was forced into giving his consent for the formation of the Assembly of Experts--headed by 'Ali Meshkini an influential opposition to Montazeri.

Not only Rafsanjani was not disinterested, he sought eagerly to play the same role within the Assembly of Experts vis-a-vis Meshkini as Ayatollah Beheshti had played vis-a-vis Ayatollah Montazeri within the first Assembly of Experts which approved the Islamic Republic's Constitution. However, Rafsanjani was never able to fulfill this wish of his. If he had not used a tactical device in the voting procedure, he would not have even become the First Deputy of the Assembly of Experts.

Even if Ayatollah Montazeri is chosen as his successor through Khomeyni's intervention, he shall not possess the necessary clout to cause others--his opposition--if not to defer to him, at least not to oppose him openly. Thus the issue of succession as one of the two principle problems facing the regime, as with the issue of the war, the other principle problem, has confronted a dead-end.

Even if we are not able to indicate the position of each individual within the regime in the two main trends which have divided the government into two factions, there is no longer any doubt about the existence of these two opposing camps. In fact, it was Hashemi Rafsanjani himself who confirmed the existence of these two camps among the Majlis, the government, the Experts, the institutions, and the clergy stating that if these two camps existed in the West, it would result in the formation of two different political parties. Hence, the Hezbollah of which all the ruling class individuals consider themselves as a part has sustained a wide chasm which is not repairable and which could only be closed up through the dominance of one over the other, with the defeat of one after the other.

Within the economic axis, two opposing camps are taking shape: One supports a free economy which would give the private sector and individual initiative greater reign, and the other believes that the government must always expand its sphere of involvement within the arena of economic activities.

Perhaps all those who belong to these two opposing camps are not aware of the political, social and cultural consequences of this economic happening; however, the number of those who have a relative understanding of these consequences is by no means meager.

Natural Tendency

Up until now, only Ayatollah Montazeri has thrown his weight on the side of the supporters of a free economy in a decisive manner whereas Ayatollah Khomeyni has been satisfied with his customary style of playing both sides of

the fence. It is said that Khamene'i and Rafsanjani are privately closer to Montazeri's position. However, in order to extend the field of their maneuverability to the other camp as well, they do not express themselves openly.

There is no doubt that the West favors the camp supporting free economy and individual initiative whereas the Soviets consider the other camp to their advantage. However, as East has institutions taking their direction from a central leadership, the West is not able to depend on any organized group in Iran and its leverage is only some social factors that to some measure instinctively resist the Iranian society's being pulled toward communism.

The crushing numerical superiority of these factors off sets to a great extent their organizational impotence indicating itself as a tendency--a natural tendency within the Iranian society--on which Ayatollah Montazeri has wagered all, as it were. In the final challenge of power which will soon be all pervasive and which will--so to speak--determine the outcome, it is not an insignificant factor. For aside from those social factors that we mentioned, the powerful Ayatollahs too--most probably--shall ultimately tolerate the Montazeri solution as the less harmful solution.

Of course, all this analysis and forecast will be valid only when within the regime a solution is found for its own continuity. On the other hand, the number of those observers who believe that the regime is not in any manner able to revitalize itself and, therefore, it shall in its entirety fall when confronted with a mass uprising.

These observers state that this mass uprising will be such that armed elements from the army, the police, the gendarmery and even the Guards Corps and the committees shall support it. However, there as yet does not exist a clear picture as to show from where and how such an uprising would begin and what direction it would take. In other words, whereas the theoretical model of this uprising seems obvious, there is much room for debate about its practical application.

12811/12232
CSO: 4640/414

IRAN

NEW CHIEF OF MEDICAL BOARD THREATENS STRIKING PHYSICIANS

Tehran ETTELA'AT in Persian 15 Jul 86 p 3

[Text] Social Service--Dr Manafi, the new chief of the Medical Board Association announced in a press interview this morning: "While we respect the specialized and virtuous physicians who are helping the deprived and oppressed people at and behind the war fronts, we will also confront severely those few physicians who have become the foreigner's puppets."

According to our reporter, in this interview Dr Manafi first gave a brief report about medical conditions after the Islamic revolution and said: "After the revolution, with the same insight derived from the sublime ideas of Islam, the officials respected those professions which serve the people and in the same manner, expected the physicians to also serve the people. We have always appreciated the services of those physicians who serve the people at and behind the war fronts. These physicians have observed the integrity of the medical profession."

He continued: "Unfortunately, a number of physicians that we cannot call physicians have misused the title and have been on the board of directors of an organization that instead of directing this medical society towards the service of the people, has changed it to a place for the protection of wrong-doing physicians and has trampled the people's rights. The dignified physicians protested why this association did not strongly confront the wrongdoers."

In another part of his talk he said: "A number of people were placed at the head of the association and their aim was to confront the revolution. In this case, a regime which was founded by the blood of all these martyrs and a regime with a huge investment made in it, cannot face the world's blasphemy and armed groups without facing those 4 or 10 people who in the name of physicians, are moving in the direction of the interests of the world oppressors."

In regard to the decisive confrontation of the government with the wrongdoers he said: "In order to protect the lawful rights of the people, the regime will confront those bullies who resist the regime, injure the rights of the people and disregard the integrity of the devout physicians."

In regard to yesterday's physicians' strike, Dr Manafi said: "In this incident, the dissolved board of directors of the Medical Board Association invited the

physicians to strike. They threatened those individuals and physicians who protested the strike and had expressed the opinion that a virtuous physician does not strike. Isn't this nothing but bullying those whose conscience will not permit them to be indifferent towards the people's suffering for even a minute?"

He added: "How can the regime stand idle in front of them? They must be punished severely in order for the people to realize that we will defend their rights. A serving government will not permit these wolves to attack the people. To prevent wrong doing is the duty of the government." He reminded: "We have always requested that the physicians make reforms in the Medical Board Association with the help of the devout, honorable and dignified physicians. These same physicians must not permit anyone in a physicians clothing to betray the people. Fortunately, our medical society today has accomplished this task."

Dr Manafi said: "Can the government permit a few officials of the Medical Board Association who are behind world oppression to be active and separate our physicians by force from the people at such a sensitive time? Therefore, in order to defend the rights and integrity of the virtuous physicians and to defend the rights of the people, the prime minister has dissolved the former board of directors until, God willing, the bill called the Medical Board Association Act is approved by the Majlis in order to help the progress of the medical goals. They must be sure that the regime will severely confront those who in the name of physicians, create commotion in society.

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IRAN

PROSECUTOR GENERAL URGES MORE FREEDOM FOR PRESS

Tehran KEYHAN in Persian 26 Jul 86 p 2

[Text] Mashhad, KEYHAN correspondent: In a press conference, Hojjat ol-Eslam Musavi-Kho'iniha, the prosecutor general, responded to reporters' questions on such issues as the return of the khans, the medical board, improper veiling, hoarders, narcotics, and the place of the press.

Concerning the return of the khans and its effects on the Islamic revolution, he said:

With the victory of the Islamic revolution and the fundamental slogans, the khans and the capitalists were forced to realize that the revolution is not in their best interests, and also, with this slogan by the leaders and officials of the society, it was natural that there would no longer be a place for those who opposed the values of the Islamic revolution and by ignoring the Islamic standards, had violated the rights of the people and accumulated much wealth.

He added: For this reason, many of them (the khans) either escaped or hid within the country. Hence, the people who had been caught in their claws for many years breathed a sigh of relief and felt that the Islamic revolution would restore to them their lost rights. In the same connection, the prosecutor general added: Now, the paler the slogans of the Islamic revolution become and the more negligent we become about them, and the more we ask the people to abandon the fundamental slogans of the revolution, the more they (the khans) will realize that the early conditions of the revolution have changed and they will find the road paved for them. He added: The return of corrupt individuals is an alarm that must be considered as serious by all the people and the officials and must be dealt with decisively. I myself feel this alarm. If we think that they (the corrupt) have a place in the country, it would mean that we have forgotten the people.

Concerning the lack of attention of the judges to the recommendations, the prosecutor general said:

Our honorable judges must never pay attention to recommendations and must not let a case and their judicial duty be influenced by recommendations. Also, our officials must not send recommendations to the courts, because in such a case, the health of the judicial organization and the whole society will be better.

Concerning the practical way to deal with improper veiling, he said: In connection with the problem of improper veiling, in my opinion, after cultural and propaganda actions, if we leave prevention and fighting against [improper veiling] to the judicial authorities, we shall not succeed. Hence, if we want to deal with this problem decisively, we must devise a plan and create coordination and leave it to all the members of the society.

He added: Telling people not to say anything, not to interfere, that, as a government, we will deal with our officials, will not succeed. If the problem of improper veiling is to be resolved, the responsibility must be given to the people, so that these individuals (those who are improperly veiled) will feel that they are subject to scolding by everyone when they leave their house, they will be forced to change.

Also, in this connection, he added: How many officials do you think we have to watch for improper veiling? Naturally, this problem will not be resolved with patrols and officials. In any case, this problem can be solved, and we can make use of mosques, the people, and the mobilization and Hezbollah forces.

Concerning the recent problems of the medical board, the prosecutor general said: In regards to the problem of the physicians and their bad action, in the form of a strike, it can, by no means, be acceptable in our country for a group to speak its mind through strikes.

He added: In our opinion, the physicians' strike, given the sensitive situation in the country and considering the war and the fact that we are defending ourselves, is a political move to confront the Islamic Republic regime and not a guild movement.

He added: A nation that is prepared to sacrifice its young people for Islam in order to remain independent and proud will not humble itself before a few physicians. Hence, the physicians must review their understanding of their own society and realize that people will not submit to them.

In connection with narcotics and the ultimate solution, Hojjat ol-Eslam Musavi-Kho'iniha said: Unfortunately, in the Islamic Republic, we have not dealt successfully with this issue, and one of the reasons is that a single policy has not existed to deal with the issue. Also, the law does not specify how this issue must be dealt with.

He added: In my opinion, even with the readiness of the people to deal seriously with this tragedy that threatens our young generation and the willingness of the prosecutor's offices and revolution courts, unfortunately, no solution to this problem has been found at the higher levels of the

country. I must say to the authorities of the country, including the government, the Majlis, and the Supreme Judicial Council, that the time has come to study this problem seriously and pursue the matter by preparing a comprehensive, clear law.

He added: Dealing with narcotics requires a close relation between the judicial branch and the Ministry of the Interior. The borders must be closed. We hope that rapid, decisive action is taken before it is too late.

The prosecutor general said concerning the press: We must tolerate criticism to a degree for the newspapers to be free and for the people to be able to speak their minds in the newspapers, rather than for the authorities of the newspapers to think that if they say something, I might not like it, as the prosecutor, or another person, as a representative of the Majlis, and therefore not write it.

A minister might be offended; the speaker of the Majlis might be offended. Why are we like this? What is wrong with criticism of the speaker of the Majlis being written? Does this mean the weakening of the speaker of the Majlis? Or what if there is a problem with the prime minister and it is written about?

Hojjat ol-Eslam Musavi-Kho'iniha added: The newspapers must speak about what the people want to say. Naturally, they might go to extremes somewhat, but we must tolerate this as well so that they can write it, whether it is from the people or from themselves. In my opinion, the arena for writing about the issues must be opened. We should not feel that the newspapers oppose the government. After all, the newspapers should not always praise the government.

He added: When our newspapers do not write and one newspaper does write something, we say that it opposes the government. It might oppose the government. After all, there is a group of those in the Majlis who did not vote for the government. There is nothing wrong with this. We have not made dictatorship. Let them speak out.

He added: I believe that essentially in connection with the media, some space must be given to the newspapers, and we have not done so. As soon as a newspaper speaks out, some writer says: They have weakened us. As soon as they say something about the Majlis, it is said that the Majlis was weakened and everywhere they report to the imam.

The imam said: Do not weaken them. But I say they have gone to such extremes in this issue that they have no idea what is weakening and what is criticism.

The prosecutor general added: If whenever we mention the weaknesses of every organization, it is said that we have weakened it, then there should never be any criticism at all. But the imam said that there should be constructive and sound criticism, and we must act accordingly.

He added: In any case, I do not consider the existing situation of the newspapers in the country to be desirable and I hope that newspapers find their own place. Otherwise, if it is going to be as it has been, with the shortage of paper we have, let them make one newspaper out of these three or four; it would be enough.

In conclusion, he added: I must say that the newspapers suffer from a sort of self-censorship and, therefore, they must be left free, as long as they do not go beyond the standards of Islam and the revolution.

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CSO: 4640/450

IRAN

AYATOLLAH KHAZ'ALI ADVISES AGAINST GOVERNMENT INTERFERENCE

Tehran KEYHAN in Persian 4 Aug 86 p 18

[Text] The issue expressed by the imam is clear. But sometimes, because of the explanations and analyses, a clear issue gradually becomes clouded. This may be what you mean by your question concerning certain ambiguities created in regards to clear issues as a result of such analyses and the reason for such ambiguity, which is bound to have been created for the people. Otherwise, what the imam has said is clear. Supervision is different from interference. Supervision means leaving the affairs to the people, as the law has determined. The people act lawfully and the government sees to it that no one fabricates laws or creates a cloud of ambiguity in the guise of law, and generally people do not violate laws. Supervision means that the affairs are in the hands of the people and the government must not interfere in their implementation. Rather, the government must only see to it that the affairs are carried out by the people in accordance with the law, affairs are carried out through the proper channels, the people act truthfully and properly, and whitewashing and anything contrary to the laws is prevented. This is what is meant by government supervision. But if the government makes problems for the people every day by adding or subtracting a legislative note or article, such government action is a kind of interference. If the government adds something every day, restricts the people's movement, and creates problems for the people so that they become unable to move in lawful channels, here, we can say that supervision has turned into the creation of problems and making the path difficult for the people. A sympathetic government must carefully monitor the actions of the people and the economic movement in the proper channel determined by the Majlis in order for the people to move in the proper channel. It is here that the government must impose its supervision fully, so that they do not act contrary to law. But when the people move naturally and in accordance with the law, even if the government does not wish it, and tries to strengthen the government sector somewhat, the government must not create bothersome problems for the people and explicate a law in a form that is bothersome. If the law is clear, the people act and the government must supervise to prevent them from deviating off the proper course. But as to the participation of the people, it means engaging in affairs that are carried out partially by the government and partially by the people, as far as the law allows. Of course, where a merchant engages in the transaction of food or material which yields huge profits, which might bring some individual a huge profit or create great disparity in the society, the government must interfere

and this must be put at the disposal of the government. But some commercial goods can be imported by both the government and the people. It is the opinion of the imam, and also the Council of Guardians, that the people and the government must be free. Of course, the people being free does not mean that there should be no control. Profiteering will be bound to end in deviation and thoughts of huge profits. Hence, the government must also supervise this issue--of course, supervise and not interfere and create problems. Let the people work and supervise how they import goods, how they pay customs and distribute, and do the distribution nationally.

The law has clarified the issue of supervision without interference, and this is the way steps must be taken. The government must only supervise; otherwise, when people act in an orderly manner and carry out their affairs, if the government gets involved, it is no longer supervision but interference. The law says act and the people are doing so.

In regards to promoting production in the society, the government must pay attention to the Majlis and explain that the commercial sector would bring huge profits. If there are no laws, they should be devised. The government must not interfere directly, because this issue concerns the laws. If the laws permit it, the government must immediately inform (the Majlis) that there is a problem with the law. It must say that we cannot interfere, because we must only supervise, and it is the duty of the legislative branch to devise laws. For instance, if the law has missed something and created some unnecessary freedom for the people which would result in the accumulation of huge profits, it would cause great harm to the society and would be dangerous. In such a case, we must resort to the law. Otherwise, if we want to interfere without regard for the law, dictatorship will be created. Dictatorship is when I say I disregard the law; I supervise and issue orders myself. This is what we fear. This is worse than autocracy; it is dictatorship. We are afraid that the government, in addition to allocating the duty of implementation, would also engage in legislation. Now, if I do what the law has not stated, this would be dictatorship.

Therefore, each of the three branches must move in its own proper channel and if it is observed that the law that has been legislated is not truly in the interest of the people, the Council of Guardians has the right to speak. In other than these two cases, the Council of Guardians cannot do anything. In other than these cases, if it wants to do something, it will not be accepted. It must say for this reason, in accordance with some rule, some article of the Constitution, or in accordance with the book and tradition, the law is wrong. In other than these two cases, the Council of Guardians cannot give an opinion. Hence, in cases when the government sees that it is doing its duty but some people are gaining huge profits because the law is not explicit, the government can offer a bill to correct the law. But if it tries to prevent the people directly, this is no longer supervision but interference. In other words, it is preventing people's freedom and participation and this phenomenon will gradually turn into dictatorship.

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